PUBLICATION OF THE OFFERING CIRCULAR

Zhengzhou Urban Construction Investment Group Co., Ltd.
(鄭州城建集團投資有限公司)
(incorporated in the People's Republic of China with limited liability)
(the "Issuer")

U.S.$350,000,000 5.20 per cent. Notes due 2025
(the "Notes", Stock Code: 5463)

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

China International Capital Corporation

CNCB Capital

Joint Bookrunners and Joint Lead Managers

Central China International

CMB International

Shenwan Hongyuan (H.K.)

ICBC International

CEB International

China Everbright Bank Hong Kong Branch

China Securities International

China Industrial Securities International

CLSA

China Galaxy International

Haitong Bank

This announcement is issued pursuant to Rule 37.39A of the Listing Rules.

Reference is made to the notice of listing of the Notes on The Stock Exchange of Hong Kong Limited dated 30 August 2022 published by the Issuer.

The offering circular dated 24 August 2022 (the "**Offering Circular**") prepared in connection with the issue of the Notes is appended herewith.

Page F-3 of the Offering Circular is in Chinese and is generated by the website of the Beijing Institute of Certified Public Accountants (北京註冊會計師協會) (http://www.bicpa.org.cn/). It sets out the filing information (including filing number, name of audit firm, type of opinion and responsible accountant) of the relevant audited financial statements under the Business Report Unified Coding Filing System (業務報告統一編碼報備系統) with the Beijing Institute of Certified Public Accountants.

Hong Kong, 31 August 2022

As at the date of this announcement, the directors of the Issuer are Xue Songsen, Yang Xiangyang and Liang Yuansen.

Appendix 1 – Offering Circular dated 24 August 2022

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES.

IMPORTANT: You must read the following before continuing. The following applies to the offering circular following this page (the "**Offering Circular**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from the Issuer (as defined in the Offering Circular) as a result of such access.

Confirmation of your Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must be purchasing the securities outside the United States in an offshore transaction in reliance on Regulation S under the United States Securities Act of 1933, as amended (the "**Securities Act**"). This Offering Circular is being sent at your request and by accepting the e-mail and accessing this Offering Circular, you shall be deemed to have represented to China International Capital Corporation Hong Kong Securities Limited, CNCB (Hong Kong) Capital Limited, Central China International Securities Co., Limited, CMB International Capital Limited, Shenwan Hongyuan Securities (H.K.) Limited, ICBC International Securities Limited, CEB International Capital Corporation Limited, China Everbright Bank Co., Ltd., Hong Kong Branch, China Securities (International) Corporate Finance Company Limited, China Industrial Securities International Brokerage Limited, CLSA Limited, China Galaxy International Securities (Hong Kong) Co., Ltd and Haitong Bank, Macau Branch (each, a "**Joint Lead Manager**" and together, the "**Joint Lead Managers**") and the Issuer that you and any customers you represent are not, and the electronic mail address that you gave the Joint Lead Managers to which this e-mail has been delivered is not, located in the United States and that you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

Restrictions: You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached Offering Circular.

The Offering Circular is being furnished in connection with an offering in offshore transactions outside the United States in reliance on Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described in the Offering Circular.

Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of any of the Issuer, the Joint Lead Managers, the Trustee or the Agents (each as defined in the attached Offering Circular) to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of them is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

MiFID II product governance/Professional investors and ECPs only target market — For the purposes of Directive EU 2014/65/EU (as amended, "**MiFID II**"), the target market in respect of the Notes is expected to be eligible counterparties and professional clients only, each as defined in MiFID II. Any person offering, selling or recommending the Notes (a "**distributor**") should take into consideration such target market; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes and determining appropriate distribution channels.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Joint Lead Managers, the Trustee, the Agents, nor any person who controls any of them, nor their respective directors, officers, employees, representatives nor agents, nor affiliates of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

THIS OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON, ELECTRONICALLY OR OTHERWISE, AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Actions that you may not take: If you receive this document by e-mail, you should not reply by e-mail to this document, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

STRICTLY CONFIDENTIAL

ZHENGZHOU URBAN CONSTRUCTION INVESTMENT GROUP CO., LTD.

(鄭州城建集團投資有限公司)

(incorporated in the People's Republic of China with limited liability)

U.S.$350,000,000 5.20 PER CENT. NOTES DUE 2025
ISSUE PRICE: 100.0 PER CENT.

The 5.20 per cent. notes due 2025 (the "**Notes**") will be issued in the aggregate principal amount of U.S.$350,000,000 by Zhengzhou Urban Construction Investment Group Co., Ltd. (鄭州城建集團投資有限公司) (the "**Issuer**") and are in registered form in the denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. The PRC government (including Zhengzhou SASAC (as defined herein)) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Notes in lieu of the Issuer. See "*Risk Factors — Risks relating to the Notes — The PRC government has no obligations under the Notes*".

The Notes will bear interest from 30 August 2022 at the rate of 5.20 per cent. per annum. Interest on the Notes is payable semi-annually in arrear in equal instalments on the Interest Payment Dates (as defined in "*Terms and Conditions of the Notes*") falling on 28 February and 30 August in each year, commencing on 28 February 2023, subject as provided in Condition 6 (*Payments*) of the Terms and Conditions of the Notes. Payments on the Notes will be made without withholding or deduction for or account of, taxes of the PRC (as defined herein) to the extent described in "*Terms and Conditions of the Notes — Taxation*".

The Notes will constitute direct, general, unsubordinated, unconditional and (subject to Condition 3(a) (*Negative Pledge*) of the Terms and Conditions of the Notes) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Unless previously redeemed, or purchased and cancelled, the Issuer will redeem the Notes at their principal amount on 30 August 2025 (the "**Maturity Date**"), subject as provided in Condition 6 (*Payments*) of the Terms and Conditions of the Notes. The Notes are subject to redemption at the option of the Issuer, in whole but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their principal amount, together with interest accrued to (but not including) the date fixed for redemption, in the event of certain changes affecting taxes of the PRC. See "*Terms and Conditions of the Notes — Redemption and Purchase — Redemption for tax reasons*". Furthermore, at any time following the occurrence of a Relevant Event (as defined in "*Terms and Conditions of the Notes — Redemption and Purchase — Redemption for a Relevant Event*"), each Noteholder will have the right, at such Noteholder's option, to require the Issuer to redeem all but not some only of that Noteholder's Notes on the Put Settlement Date (as defined in "*Terms and Conditions of the Notes — Redemption and Purchase — Redemption for a Relevant Event*") at 101 per cent. of their principal amount (in the case of redemption for a Change of Control (as defined in "*Terms and Conditions of the Notes — Redemption and Purchase — Redemption for a Relevant Event*")) or, as the case may be, 100 per cent. of their principal amount (in the case of redemption for a Non-Registration Event (as defined in "*Terms and Conditions of the Notes — Redemption and Purchase — Redemption for a Relevant Event*")), in each case, together with interest accrued to (but not including) such Put Settlement Date. See "*Terms and Conditions of the Notes — Redemption and Purchase — Redemption for a Relevant Event*".

Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015] 2044號)) issued by the National Development and Reform Commission of the PRC or its local counterparts ("**NDRC**") on 14 September 2015 which came into effect on the same day, and any implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time (the "**NDRC Circular**"), the Issuer has registered the issuance of the Notes with the NDRC and obtained a certificate from the NDRC on 8 March 2022, evidencing such registration and which remains valid, in full force and effect. The Issuer will undertake to file or cause to be file with the NDRC to provide the requisite information and documents within the prescribed timeframe after the Issue Date in accordance with the NDRC Circular (the "**NDRC Post-issue Reporting**"). The Issuer shall submit the NDRC Post-issue Reporting within the prescribed timeframe after the Issue Date (as defined below) and shall comply with all applicable PRC laws and regulations in connection with the Notes.

The Issuer will undertake to file or cause to be filed with the State Administration of Foreign Exchange of the PRC or its local counterparts ("**SAFE**") the requisite information and documents within the prescribed timeframe in accordance with (i) the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) issued by SAFE and which came into effect on 13 May 2013, and (ii) the Circular on Relevant Matters about the Macro-Prudential Management of Cross-Border Financing in Full Aperture (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) issued by the People's Bank of China of the PRC ("**PBOC**") and which came into effect on 12 January 2017 and any implementation rules, reports, certificates, approvals or guidelines as issued by the SAFE or the PBOC, as the case may be, from time to time (the "**Foreign Debt Registration**"). The Issuer intends to complete the Foreign Debt Registration on or before the SAFE Registration Deadline (being 120 PRC Business Days (as defined in the Terms and Conditions of the Notes) after the Issue Date).

Application will be made to The Stock Exchange of Hong Kong Limited (the "**HKSE**") for the listing of the Notes by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("**Professional Investors**") only. This Offering Circular is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer confirms that the Notes are intended for purchase by Professional Investors only and will be listed on the HKSE on that basis. Accordingly, the Issuer confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The HKSE has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the Notes on the HKSE is not to be taken as an indication of the commercial merits or credit quality of the Notes, the Issuer, the Group or the quality of disclosure in this Offering Circular. Hong Kong Exchanges and Clearing Limited and the HKSE take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

Application will be made for the listing of the Notes on Chongwa (Macao) Financial Asset Exchange Co., Ltd. (the "**MOX**"). This document is for distribution to professional investors (as defined in Section 11 of the Guideline on Provision and Distribution of Financial Products (Circular 033/B/2010-DSB/AMCM)) ("**MOX Professional Investors**") only. Investors should not purchase the Notes in the primary or secondary markets unless they are MOX Professional Investors and understand the risks involved. The Notes are only suitable for MOX Professional Investors.

The MOX has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to MOX Professional Investors only have been reproduced in this document. Listing of the Notes on the MOX is not to be taken as an indication of the commercial merits or credit quality of the Notes, the Issuer, the Group or the quality of disclosure in this document. The MOX takes no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

Singapore Securities and Futures Act Product Classification — Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA), that the Notes are "prescribed capital markets products"(as defined in the CMP Regulations 2018).

Investing in the Notes involves certain risks. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Offering Circular and the merits and risks of investing in the Notes in the context of their financial position and particular circumstances. Investors also should have the financial capacity to bear the risks associated with an investment in the Notes. Investors should not purchase the Notes unless they understand and are able to bear risks associated with the Notes. See "*Risk Factors*" beginning on page 21 for a description of certain factors to be considered in connection with an investment in the Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and, subject to certain exceptions, may not be offered or sold within the United States and are only being offered and sold outside the United States in reliance on Regulation S under the Securities Act ("Regulation S"). For a description of these and certain restrictions on offers and sales of the Notes and the distribution of this Offering Circular, see "*Subscription and Sale*".

The Notes will be represented by beneficial interests in a global note certificate (the "**Global Note Certificate**") in registered form, which will be registered in the name of a nominee of, and deposited on or about 30 August 2022 (the "**Issue Date**") with, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). Beneficial interests in the Global Note Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream.

The Notes are expected to be rated "A-" by Lianhe Ratings Global Limited ("**Lianhe Global**") and "BBB+" by Fitch Ratings Limited ("**Fitch**"). The Issuer has been assigned corporate ratings of "A-" with stable outlook by Lianhe Global and "BBB+" with stable outlook by Fitch. Such ratings of the Notes do not constitute a recommendation to buy, sell or hold the Notes and may be subject to suspension, reduction, revision or withdrawal at any time by Lianhe Global or Fitch, as applicable. Such ratings should be evaluated independently of any other rating of the other securities of the Issuer or of the Issuer.

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China Everbright Bank Hong Kong Branch | **China Securities International** | **China Industrial Securities International** | **CLSA** | **China Galaxy International** | **Haitong Bank**

Offering Circular dated 24 August 2022

IMPORTANT NOTICE

THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE THE OFFER OR SOLICITATION IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER OR ANY OF ITS SUBSIDIARIES OR THAT THE INFORMATION SET FORTH IN THIS OFFERING CIRCULAR IS CORRECT AS AT ANY DATE SUBSEQUENT TO THE DATE HEREOF.

The Issuer, having made all reasonable enquiries, accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms that to the best of its knowledge and belief that (i) this Offering Circular (including any amendments and supplements thereto) contains all information with respect to the Issuer and its subsidiaries (together the "**Group**"), and the Notes which is material in the context of the issue, offering, sale, marketing or distribution of the Notes (including all information which is required by applicable laws, rules and regulations or information which, according to the particular nature of the Issuer, the Group and of the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Group, and of the rights attaching to the Notes), (ii) this Offering Circular does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, (iii) the statements of fact contained in this Offering Circular are in every material respect, true and accurate and not misleading, and there are no other facts in relation to the Issuer, the Group and the Notes the omission of which would, in the context of the issue, offering, sale, marketing or distribution of the Notes, make any statement in this Offering Circular misleading, (iv) the statements of intention, opinion, belief or expectation contained in this Offering Circular are honestly and reasonably made or held and have been reached after considering all relevant circumstances and based on reasonable assumptions, (v) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements, and (vi) all statistical, industry and market related data included in this Offering Circular are derived from sources which the Issuer believes to be accurate and reliable in all material respects.

The PRC government (including Zhengzhou SASAC) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Notes in lieu of the Issuer. Any reference to government support in this Offering Circular should not be read as indication that financial support will be given in respect of the Issuer's obligations under the Notes. See "*Risk Factors — Risks relating to the Notes — The PRC government has no obligations under the Notes*".

This Offering Circular has been prepared by the Issuer solely for use in connection with the proposed offering of the Notes described in this Offering Circular. The distribution of this Offering Circular and the issue, offering, sale, marketing or distribution of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by China International Capital Corporation Hong Kong Securities Limited, CNCB (Hong Kong) Capital Limited, Central China International Securities Co., Limited, CMB International Capital Limited, Shenwan Hongyuan Securities (H.K.) Limited, ICBC International Securities Limited, CEB International Capital Corporation Limited, China Everbright Bank Co., Ltd., Hong Kong Branch, China Securities (International) Corporate Finance Company Limited, China Industrial Securities International Brokerage Limited, CLSA Limited, China Galaxy International Securities (Hong Kong) Co., Ltd and Haitong Bank, Macau Branch (each, a "**Joint Lead Manager**" and together, the "**Joint Lead Managers**"), the Issuer, the Trustee and the Agents (as defined in "*Terms and Conditions of the Notes*") to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Notes or the possession or distribution of this Offering Circular or any offering or publicity material relating to the Notes in any jurisdiction where action would be required for such purposes. There are restrictions on the issue, offering, sale, marketing or distribution of the Notes and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Notes and the distribution of this Offering Circular, see "*Subscription and Sale*". This Offering Circular does not constitute an offer of, or an invitation to purchase, any of the Notes in any jurisdiction in which such offer or invitation would be unlawful. By purchasing the Notes, investors represent and agree to all of those provisions contained in that section of this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the Notes. Distribution of this Offering Circular to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

Singapore Securities and Futures Act Product Classification — Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA), that the Notes are "prescribed capital markets products"(as defined in the CMP Regulations 2018).

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") for the purpose of giving information with regard to the Issuer and the Group. The Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Group, the Notes other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Group, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers. Neither the delivery of this Offering Circular nor any issue, offering, sale, marketing or distribution of the Notes shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer or the Group, or any of them since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Joint Lead Managers the Trustee or the Agents or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers to subscribe for or purchase, any of the Notes and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

This Offering Circular is being furnished by the Issuer in connection with the offering of the Notes exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider purchasing the Notes. Investors must not use this Offering Circular for any other purpose, make copies of any part of this Offering Circular or give a copy of it to any other person, or disclose any information in this Offering Circular to any other person. The information contained in this Offering Circular has been provided by the Issuer and other sources identified in this Offering Circular. Any reproduction or distribution of this Offering Circular, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Notes offered by this Offering Circular is prohibited. Each offeree of the Notes, by accepting delivery of this Offering Circular, agrees to the foregoing.

No representation, warranty or undertaking, express or implied, is made or given and no responsibility or liability is accepted by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or any other information supplied in connection with the Notes, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers. The Joint Lead Managers, the Trustee and the Agents and their respective affiliates, officers, representatives, directors, employees, agents or advisers have not independently verified any of the information contained in this Offering Circular and can give no assurance that this information is accurate, truthful or complete.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers accepts any responsibility or liability for the contents of this Offering Circular or any statement made or purported to be made by any such person or on its behalf in connection with the Issuer, the Group, or the issue, offering, sale, marketing or distribution of the Notes. Each of the Joint Lead Managers, the Trustee, the Agents and their respective affiliates, officers, representatives, directors, employees, agents or advisers accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers undertakes to review the results of operation, financial condition or affairs of the Issuer or the Group for so long as the Notes remain outstanding nor to advise any investor or potential investor of the Notes of any information coming to the attention of any of the Joint Lead Managers, the Trustee, the Agents or their respective affiliates, officers, representatives, directors, employees, agents or advisers.

This Offering Circular is not intended to provide the basis of any credit or other evaluation, nor should it be considered as a recommendation by the Issuer, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers that any recipient of this Offering Circular should purchase the Notes. Each potential purchaser of the Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Notes should be based upon such investigations with its own tax, legal and business advisers as it deems necessary to make its investment decision and determine whether it is legally able to purchase the Notes under applicable laws or regulations. Potential purchasers of the Notes are advised to read and understand the contents of this Offering Circular before investing. If in doubt, such potential purchaser should consult his or her adviser.

Any of the Joint Lead Managers and their respective affiliates may purchase the Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Notes and/or other securities of the Issuer or its subsidiaries or associates at the same time as the offer and sale of the Notes or in secondary market transactions. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Notes). Furthermore, investors in the Notes may include entities affiliated with the Group.

IN CONNECTION WITH THE ISSUE OF THE NOTES, ANY OF THE JOINT LEAD MANAGERS APPOINTED AS AND ACTING IN ITS CAPACITY AS A STABILISATION MANAGER PROVIDED THAT (OR ANY PERSON(S) ACTING ON BEHALF OF SUCH JOINT LEAD MANAGER) (THE "STABILISATION MANAGER") MAY OVER-ALLOT THE NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE ISSUE DATE. HOWEVER, THERE IS NO OBLIGATION ON SUCH STABILISATION MANAGER TO DO THIS. SUCH STABILISATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY

TIME, AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD. SUCH STABILISATION SHALL BE IN COMPLIANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND RULES.

Listing of the Notes on the HKSE and on the MOX is not to be taken as an indication of the merits of the Issuer, the Group or the Notes. In making an investment decision, investors must rely on their own examination of the Issuer and the Group and the terms of the offering of the Notes, including the merits and risks involved. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Notes. The Issuer, the Group, the Joint Lead Managers, the Trustee and the Agents and their respective affiliates, officers, representatives, directors, employees, agents or advisers are not making any representation to any purchaser of the Notes regarding the legality of any investment in the Notes by such purchaser under any legal investment or similar laws or regulations. The contents of this Offering Circular should not be construed as providing legal, business, accounting or investment advice. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers in connection with its investigation of the accuracy of such information or its investment decision.

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although the Issuer believes this information to be reliable, such information has not been independently verified by the Issuer, the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, officers, representatives, directors, employees, agents or advisers, and none of the Issuer, the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, officers, representatives, directors, employees, agents or advisers makes any representation as to the accuracy or completeness of that information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. Accordingly, such information should not be unduly relied upon. This Offering Circular summarises certain documents and other information, and investors should refer to them for a more complete understanding of what is discussed in those documents.

The contents of this Offering Circular have not been reviewed by any regulatory authority in any jurisdiction. Investors are advised to exercise caution in relation to the offer. If investors are in any doubt about any of the contents of this Offering Circular, investors should obtain independent professional advice.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct — Important Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of this offering of the Notes, including certain Joint Lead Managers, are "capital market intermediaries" ("**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**Code**"). This notice to prospective investors is a summary of certain obligations the Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" ("**OCs**") for this offering and are subject to additional requirements under the Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the Code as having an association ("**Association**") with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Joint Lead Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Joint Lead Manager or its group company has more than 50% interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a "proprietary order". If a prospective investor is otherwise affiliated with any Joint Lead Manager, such that its order may be considered to be a "proprietary order" (pursuant to the Code), such prospective investor should indicate to the relevant Joint Lead Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to this offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including Private Banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Joint Lead Managers and/or any other third parties as may be required by the Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the Code, it being understood and agreed that such information shall only be used for the purpose of complying with the Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

PRESENTATION OF FINANCIAL INFORMATION

This Offering Circular contains the audited consolidated financial information of the Issuer as at and for the years ended 31 December 2019, 2020 and 2021, which is derived from its audited consolidated financial statements as at and for the year ended 31 December 2020 (the "**2020 Audited Financial Statements**") and its audited consolidated financial statements as at and for the year ended 31 December 2021 (the "**2021 Audited Financial Statements**", together with the 2020 Audited Financial Statements, the "**Audited Financial Statements**") included elsewhere in this Offering Circular. The Audited Financial Statements have been prepared in accordance with the Accounting Standards for Business Enterprises in China ("**PRC GAAP**") and have been audited by Asia Pacific (Group) CPAs (special general partnership) (亞太(集團)會計師事務所(特殊普通合夥)) ("**AP CPA**").

The Group has adopted a number of new accounting standards issued by the MOF (collectively, the "**New Accounting Standards**") starting from 1 January 2021, including but not limited to the Notice on Issuing and Revising the Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments issued by MOF (Cai Kuai [2017] No. 7), the Notice on Issuing and Revising the Accounting Standards for Business Enterprises No. 23 — Transfer of Financial Assets (Cai Kuai [2017] No. 8), the Notice on Issuing and Revising the Accounting Standards for Business Enterprises No. 24 — Hedging Accounting (Cai Kuai [2017] No. 9), the Notice on Issuing the Amendment of Accounting Standards for Business Enterprises No. 37 — Presentation of Financial Instruments (Cai Kuai [2017] No. 14), the Accounting Standards for Business Enterprises No. 14 — Revenue (Revised in 2017) issued by MOF on December 9, 2017 (Cai Kuai [2017] No. 22), the Circular of MOF on Printing and Distributing the Interpretation of Accounting Standards for Business Enterprises No. 14 (Caikuai [2021] No. 1) and relevant provisions of the Accounting Department of MOF on the Implementation of Accounting Standards for Business Enterprises (the Fifth Batch). As a result of the application of such new accounting standards, certain adjustments were made to the financial statements. For details of such new accounting standards and their impact on the 2021 Audited Financial Statements, please refer to "*Notes to Financial Statements — III. Important accounting policies and accounting estimates — (32) Important accounting policies and accounting estimate change*" of the 2021 Audited Financial Statements included elsewhere in this Offering Circular.

The Audited Financial Statements are originally prepared in the Chinese language (collectively, the "**Chinese Financial Statements**") and have been translated into English (the "**Financial Statements Translation**") for the purposes of inclusion in this Offering Circular for reference purposes only. Should there be any inconsistency between the Chinese Financial Statements and the Financial Statements Translation, the Chinese Financial Statements shall prevail. The Financial Statements Translation does not itself constitute audited financial statements, and is qualified in its entirety by, and is subject to, the financial information set out or referred to in, the Chinese Financial Statements. The Chinese Financial Statements are available at the following website: www.chinamoney.com.cn. None of the Joint Lead Managers or their respective affiliates, officers, representatives, directors, employees, agents or advisers have independently verified or checked the accuracy of the Financial Statements Translation and can give no assurance that the information contained therein is accurate, truthful or complete.

PRC GAAP differs in certain material respects from the International Financial Reporting Standards ("**IFRS**"). For a discussion of certain differences between PRC GAAP and IFRS, see "*Summary of Significant Differences between PRC GAAP and IFRS*".

The Group publishes, in the PRC, its interim financial information from time to time. Such financial information published by the Group in the PRC is normally derived from its management accounts and is not audited or reviewed by independent auditors. As such, financial information published in the PRC by the Group should not be relied upon by potential purchasers to provide the same quality of information associated with any audited or reviewed information. Such financial information is not included in this Offering Circular and should not be relied upon by any investors in making their investment decisions in the Notes.

Unless otherwise stated, all financial information contained herein which is stated as relating to the Issuer refers to the consolidated financial information of the Group.

According to the Circular of the National Development and Reform Commission and the Ministry of Finance on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks (Fa Gai Wai Zi [2018] No. 706) (國家發展改革委財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知(發改外資[2018]706號)) ("**Joint Circular 706**"), any public interest assets such as public schools, public hospitals, public cultural facilities, parks, public squares, office buildings of government departments and public institutions, municipal roads, non-toll bridges, non-operating water conservancy facilities, no-charge pipe network facilities and other public interest assets and the usage rights of reserve land cannot be counted towards the Group's assets for the purposes of issuing medium and long-term foreign debt. As at 31 December 2021, certain assets that the Group currently holds title to serve public functions. As at 31 December 2021, such assets amounted to approximately RMB14,590.5 million, representing approximately 30.64 per cent. of the Group's total assets and 76.79 per cent. of the Group's total net assets. See "*Risk Factors — Risks relating to the Notes — Any public interest assets of the Group should not be taken into account when evaluating the Group's business, financial condition, results of operations and prospects are assessed*" for further information.

CERTAIN DEFINITIONS AND CONVENTIONS

Unless the context otherwise requires, references in this Offering Circular to "**Renminbi**", "**CNY**" and "**RMB**" are to the lawful currency of the PRC, "**U.S. dollars**", "**U.S.$**" and "**USD**" are to the lawful currency of the United States of America (the "**United States**"), "**PRC**" and "**China**" are to the People's Republic of China which for the purpose of this Offering Circular excludes Hong Kong, Macau and Taiwan, "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People's Republic of China, and "**Macau**" are to the Macau Special Administrative Region of the People's Republic of China.

Solely for convenience, this Offering Circular contains translations of certain Renminbi amounts into U.S. dollars at specified rates. Unless indicated otherwise, the translation of Renminbi into U.S. dollars has been made at the rate of RMB6.3726 to U.S.$1.00, the noon buying rate in effect on 30 December 2021 as set forth in the H.10 weekly statistical release of the Board of Governors of the Federal Reserve System of the United States (the "**Federal Reserve Board**"). Further information on exchange rates is set forth in "*Exchange Rate Information*" in this Offering Circular. Investors should not construe these translations as representations that the Renminbi amounts have been, could have been or could actually be converted into any U.S. dollar amounts at any particular rate or at all, or *vice versa*.

Unless the context otherwise requires, references in this Offering Circular to the "**Terms and Conditions of the Notes**" are to the terms and conditions governing the Notes, as set out in "*Terms and Conditions of the Notes*".

In this Offering Circular, where information has been presented in thousands, millions, or billions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of a thousand million units.

Unless specified otherwise, references in this Offering Circular to, and financial and other information presented with respect to, the Group are to such information of the Issuer compiled on a consolidated basis.

The English names of the PRC nationals, entities, departments, facilities, laws, regulations, certificates titles and the like are translations of their Chinese names and are included for identification purposes only. In the event of any inconsistency, the Chinese names prevail.

In this Offering Circular, references to:

- "**GDP**" are to gross domestic product;
- the "**Group**" are to the Issuer and its subsidiaries taken as a whole;

- the “**Issuer**” are to Zhengzhou Urban Construction Investment Group Co., Ltd. (鄭州城建集團投資有限公司);

- “**IFRS**” are to the International Financial Reporting Standards;

- “**MOF**” are to the Ministry of Finance of the PRC;

- “**MOFCOM**” are to the Ministry of Commerce of the PRC or its competent local counterpart;

- “**mu**” (畝) are to the unit of land areas, and one mu equals to approximately 666.67 sq.m.;

- “**NDRC**” are to the National Development and Reform Commission of the PRC or its competent local counterpart;

- “**Noteholder(s)**” are to the holder(s) of the Notes;

- “**PBOC**” are to the People’s Bank of China, the central bank of the PRC;

- “**PPP**” are to public-private-partnerships;

- “**PRC government**” are to the central government of China and its political subdivisions, including provincial, municipal and other regional or local government entities, and instrumentalities thereof, or where the context requires, any of them;

- “**SAFE**” are to the State Administration of Foreign Exchange of the PRC or its competent local counterparts;

- “**SASAC**” are to State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會);

- “**SAT**” are to the State Administration of Taxation of the PRC;

- “**State Council**” are to the state council of the PRC;

- “**VAT**” are to value-added tax;

- “**Zhengzhou Municipal Government**” are to Zhengzhou Municipal People’s Government (鄭州市人民政府); and

- "**Zhengzhou SASAC**" are to the State-owned Assets Supervision and Administration Commission of Zhengzhou Municipal People's Government (鄭州市人民政府國有資產監督管理委員會).

In this Offering Circular, "**net assets**" is defined as the amount equal to total assets minus total liabilities.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes certain forward-looking statements. All statements other than statements of historical fact contained in this Offering Circular, including, without limitation, those regarding the Group's future financial position and results of operations, strategy, plans, objectives, goals and targets, future developments in the markets where the Group participates or is seeking to participate, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "will", "may", "anticipate", "seek", "should", "estimate" or similar expressions or the negative thereof, constitute "forward-looking statements". All statements regarding expected financial condition and results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include but are not limited to statements as to the business strategy, operating income and profitability, planned projects and other matters as they relate to the Issuer and/or the Group discussed in this Offering Circular regarding matters that are not historical fact. These forward-looking statements and any other projections contained in this Offering Circular (whether made by the Issuer or by any third party) involve known and unknown risks, uncertainties and other factors, some of which are beyond the Group's control, which may cause its actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Important factors that could cause the Group's actual results, performance or achievements to differ materially from those in the forward-looking statements or other projections include, among others, the following:

- the Group's dependence on long-term government contracts, which are subject to the government's fiscal policies;

- the possibility that any of the Group's existing government contracts may be terminated by the government;

- changes in competitive conditions and the Group's ability to compete under these conditions, including the actions and developments of competitors;

- the Group's expectations with respect to its ability to acquire and maintain regulatory qualifications required to operate its business;

- the availability and charges of bank loans and other forms of financing;

- changes or volatility in currency exchange rates, interest rates, taxes and duties, equity prices or other rates or prices, including those pertaining to the PRC;

- changes in the laws, rules and regulations of the governments in the PRC and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of the Group's business;

- the general economic, political, social conditions and developments in the PRC;

- macroeconomic policies of the PRC government; and

- other factors beyond the Group's control.

These forward-looking statements speak only as at the date of this Offering Circular. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Group's expectations with regard thereto or any change of events, conditions or circumstances, on which any such statement was based.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "*Risk Factors*" and elsewhere in this Offering Circular. The Issuer cautions investors not to place undue reliance on these forward-looking statements which reflect the management's view only as at the date of this Offering Circular.

The Issuer does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur.

TABLE OF CONTENTS

SUMMARY

The summary below is only intended to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all the information that may be important to investors. Prospective investors should therefore read this Offering Circular in its entirety, including the section entitled "Risk Factors", before making an investment decision. Terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary.

Overview

Established on 28 December 2007 with the approval of Zhengzhou Municipal Government, the Issuer is a wholly state-owned enterprise that serves as one of the most important investment and financing platforms for infrastructure construction in Zhengzhou under the direct supervision and administration of Zhengzhou SASAC. The Group finances, develops and operates Zhengzhou's key infrastructure. The Group has participated in a wide range of infrastructure construction projects including key public facilities, major roadways and stations and resettlement housings. Its extensive operational experience over key infrastructure construction projects in Zhengzhou has provided it with in-depth regional knowledge and strong technical capabilities that allows it to handle large and complex construction projects. The Group's businesses can be categorised into four principal business segments, namely, PPP project investment and management, project settlement and construction, hotel operation and ancillary businesses:

- ***PPP project investment and management***: PPP project investment and management is the core business segment of the Group. The Group is a key infrastructure investor and PPP project investment and management service provider in Zhengzhou, ensuring the continuous operation and maintenance of major infrastructure such as highways, roads, bridges and tunnels. For the years ended 31 December 2019, 2020 and 2021, revenue attributed to the Group's PPP project investment and management business was RMB628.7 million, RMB628.7 million and RMB27.2 million, respectively, representing 51.2 per cent., 54.8 per cent. and 2.3 per cent. of the Group's total revenue, respectively. Due to the implementation of the relevant applicable New Accounting Policies and Requirements since 2021, revenue recognition policies for the existing PPP projects of the Group have been changed. Under the new revenue recognition policies, the revenue attributed to the Group's PPP project investment and management decreased significantly for the year ended 31 December 2021 compared to revenue that would have been recognised under the prior accounting policies. The Group expects that, going forward, with the diversification of its businesses and after the commencement of operations of various PPP projects of the Group, revenue from the Group's PPP project investment and management will become more stable and gradually increase. See "*Risk Factors — Risks relating to Financial and Other Information — Certain accounting* *items in the Audited Financial Statements may not be comparable to the financial information in the consolidated financial statements of the Issuer for the previous periods"*.

- ***Project settlement and construction***: The Group is a key contractor for the development and construction of public infrastructure in Zhengzhou. This business complements the Group's PPP project investment and management business. The Group participated in the construction of key infrastructure projects including Zhengzhou Grand Theatre (鄭州大劇院), Zhengzhou Community Centre (鄭州市民活動中心) and Zhongyuan New District Project (中原新區). For the years ended 31 December 2019, 2020 and 2021, revenue attributed to the Group's project settlement and construction business was RMB138.7 million, RMB351.8 million and RMB964.7 million, respectively, representing 11.3 per cent., 30.6 per cent. and 81.5 per cent. of the Group's total revenue, respectively. Due to the implementation of the relevant applicable New Accounting Policies and Requirements since 2021, revenue derived from the Group's Jialu River Comprehensive Management Ecological Greening Engineering PPP Project (賈魯河綜合治理生態綠化工程PPP項目) in the current stage of construction has been recognised in accordance with the construction progress under the item "project settlement and basic construction income" reported in the audited consolidated financial statements as at and for the year ended 31 December 2021. Under the new revenue recognition policies, the revenue attributed to the Group's project settlement and construction business increased significantly for the year ended 31 December 2021 compared to the revenue that would have been recognised under the prior accounting policies. The Group expects that, going forward, with the diversification of its businesses, revenue from project settlement and construction will continue to be higher than revenue recognised in prior periods. See "*Risk Factors — Risks relating to Financial and Other Information — Certain accounting items in the Audited Financial Statements may not be comparable to the financial information in the consolidated financial statements of the Issuer for the previous periods"*.

- ***Hotel operation***: The Group operates two hotels, Zhengzhou Yellow River Hotel and Zhengzhou Mount Song Hotel. For the years ended 31 December 2019, 2020 and 2021, revenue attributed to the Group's hotel operation business was RMB147.9 million, RMB99.0 million and RMB104.2 million, respectively, representing 12.1 per cent., 8.6 per cent. and 8.8 per cent. of the Group's total revenue, respectively.

- ***Ancillary businesses***: The Group has been expanding its scope of businesses to diversify its sources of revenue. These ancillary businesses include management consultancy, trading, technology service and precast construction.

The following table sets forth a breakdown of the Group's total revenue by business segment in absolute amounts and as a percentage of its total revenue for the periods indicated:

	Year ended 31 December					
	2019		2020		2021	
	RMB (million)	*Per cent. of total*	*RMB (million)*	*Per cent. of total*	*RMB (million)*	*Per cent. of total*
PPP project investment and management[(1)]	628.7	51.2	628.7	54.8	27.2	2.3
Project settlement and construction[(2)]	138.7	11.3	351.8	30.6	964.7	81.5
Hotel Operation[(3)]	147.9	12.1	99.0	8.6	104.2	8.8
Ancillary Businesses[(4)]	311.5	25.4	68.8	6.0	88.2	7.4
Total	**1,226.80**	**100.0**	**1,148.30**	**100.0**	**1,184.3**	**100.0**

Notes:

(1) Revenue from this business comprises revenues from "PPP income" reported in the Audited Financial Statements of the respective period.

(2) Revenue from this business comprises revenues from "project settlement and basic construction income" reported in the Audited Financial Statements of the respective period.

(3) Revenue from this business comprises revenues from "hotel operating income" reported in the Audited Financial Statements of the respective period.

(4) Revenue from this business comprises revenues from "management consulting income", "business service income", "technical service income", "prefabricated components income" and "other business income" reported in the Audited Financial Statements of the respective period.

The following table sets forth a breakdown of the Group's gross profit or gross loss by business segment for the periods indicated:

	Year ended 31 December					
	2019		2020		2021	
	RMB (million)	*Per cent. of total*	*RMB (million)*	*Per cent. of total*	*RMB (million)*	*Per cent. of total*
PPP project investment and management(1)	235.3	47.1	235.3	56.8	2.2	1.2
Project settlement and construction(2)	54.3	10.9	109.2	26.4	65.9	34.4
Hotel Operation(3)	114.8	23.0	74.8	18.1	78.3	40.9
Ancillary Businesses(4)	95.5	19.1	-5.0	-1.2	45.3	23.6
Total	**499.9**	**100.0**	**414.3**	**100.0**	**191.7**	**100.0**

Notes:

(1) Gross profit from this business is calculated from deducting costs of sales from revenues of "PPP income" reported in the Audited Financial Statements of the respective period.

(2) Gross profit from this business is calculated from deducting costs of sales from revenues of "project settlement and basic construction income" or the sum of "project settlement income" and "basic construction income" reported in the Audited Financial Statements of the respective period.

(3) Gross profit from this business is calculated from deducting costs of sales from revenues of "hotel operating income" reported in the Audited Financial Statements of the respective period.

(4) Gross profit from this business is calculated from deducting costs of sales from revenues of "management consulting income", "business service income", "technical service income", "prefabricated components income" and "other business income" reported in the Audited Financial Statements of the respective period.

As at 31 December 2019, 2020 and 2021, the Group's total assets were RMB42,322.2 million, RMB44,090.2 million and RMB47,612.0 million, respectively. For the years ended 31 December 2019, 2020 and 2021, the Group's net profit was RMB42.1 million, RMB20.9 million and RMB49.9 million, respectively. As at the date of this Offering Circular, the Issuer had a registered capital of RMB1,000 million.

Competitive Strengths

The Group believes that its competitive strengths as outlined below distinguish it from its competitors and are important to its success and future development:

- strategic relationship with and support from Zhengzhou Municipal Government;

- key role in the development of Zhengzhou's infrastructure sector;

- sound and effective risk management system and prudent financial structure;
- strong financing capability with diversified financing channels; and
- dedicated senior management with extensive experience and in-depth industry knowledge.

Business Strategies

The Group strives to strengthen its position as the key integrated infrastructure construction group in Zhengzhou. To achieve this goal, the Group plans to adopt the following strategies:

- maintain the Group's position as a major infrastructure investment, construction and management service provider in Zhengzhou;
- continue to focus on and improve productivity and operational efficiency; and
- continue to explore diverse financing channels and optimise the Group's debt structure.

Recent Development

Issuance of debt instruments since 31 December 2021

In January 2022, the Issuer issued medium-term notes with an aggregate principal amount of RMB700 million with an interest rate of 3.13 per cent. These medium-term notes will mature on 27 January 2025.

In June 2022, the Issuer issued privately placed corporate bonds with an aggregate principal amount of RMB1,000 million with an interest rate of 3.89 per cent. These corporate bonds will mature on 29 June 2027.

In August 2022, the Issuer issued privately placed corporate bonds with an aggregate principal amount of RMB500 million with an interest rate of 3.48 per cent. These corporate bonds will mature on 17 August 2027.

Unaudited and unreviewed interim financial accounts

The Issuer has prepared its unaudited and unreviewed consolidated management accounts as at and for the six months ended 30 June 2022 (the "**2022 Interim Accounts**"). No audit or review has been performed on the 2022 Interim Accounts and the financial information in the 2022 Interim Accounts may change if it is subject to an audit or a review. Such unaudited and unreviewed assessment should not be taken as an indication of the Group's business, financial condition or results of operation expected for these periods and potential investors should not rely on such interim financial information to evaluate the Group's financial condition and results of operation for these periods or the full year ending 31 December 2022. Interim results are not necessarily indicative of the Group's results to be expected for the full year. The 2022 Interim Accounts does not form part of this Offering Circular and should not be referred to or relied upon by potential investors. Potential investors must exercise extensive caution when using such information to evaluate the Group's financial condition and results of operations.

According to the unaudited and unreviewed 2022 Interim Accounts, the Group recorded a slight decrease in its total revenue for the six months ended 30 June 2022 as compared to the corresponding period in 2021. The Group recorded an increase in its total cost of sales for the six months ended 30 June 2022 as compared to the corresponding period in 2021 primarily due to a significant increase in cost of sales, which was partially offset by the decreases in taxes and surcharges, selling expense, general and administrative expenses and the significant decreases in financial expenses. The Group recorded a slight reduction in the net loss for the six months ended 30 June 2022 as compared to the net loss for the corresponding period in 2021 primarily as a result of the decreases in financial expenses and selling expense and increases in non-operating income during the six months ended 30 June 2022.

According to the unaudited and unreviewed 2022 Interim Accounts, the Group recorded a moderate increase in total assets as at 30 June 2022 as compared to that as at 31 December 2021, primarily due to increases in cash and cash on hand, accounts receivable, advances to suppliers, other receivables, inventory, long-term equity investment, construction in progress, deferred tax assets and other non-current assets, which were partially offset primarily by the decrease in notes receivable (as a result of the settlement of such notes) and mild decreases in other current assets, fixed assets, intangible assets and long-term prepaid expenses.

According to the unaudited and unreviewed 2022 Interim Accounts, the Group's total current liabilities as at 30 June 2022 as compared to that as at 31 December 2021 was lower primarily due to the decreases in short-term borrowings, receipts in advance, contractual liabilities, other payables and current portion of non-current liabilities, which were partially offset by increases in accounts payable and payroll and employee benefits payable. The Group's total non-current liabilities as at 30 June 2022 as compared to that as at 31 December 2021 was higher due primarily to increases in the Group's long-term borrowings, bonds payable, deferred income and other non-current liabilities, which were partially offset by the decrease in deferred tax liabilities.

None of the Joint Lead Managers, the Trustee, the Agents, or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers makes any representation, warranty or undertaking, express or implied of, or accepts any responsibility or liability with respect to, the Group or the Group's business, financial condition or results of operation.

THE OFFERING

The following summary contains some basic information about the Notes and is qualified in its entirety by the remainder of this Offering Circular. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in "Terms and Conditions of the Notes" shall have the same meanings in this summary. For a complete description of the terms of the Notes, see "Terms and Conditions of the Notes" in this Offering Circular.

Issuer	Zhengzhou Urban Construction Investment Group Co., Ltd. (鄭州城建集團投資有限公司) (Legal Entity Identifier: 300300KEJJ0EE1MVS913).
Notes	U.S.$350,000,000 5.20 per cent. Notes due 2025.
Issue Price	100.0 per cent.
Form and Denomination	The Notes will be issued in registered form in the denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Interest	The Notes will bear interest from 30 August 2022 at the rate of 5.20 per cent. per annum, payable semi-annually in arrear in equal instalments falling on 28 February and 30 August in each year (each, an "**Interest Payment Date**"), commencing on 28 February 2023, subject as provided in Condition 6 (*Payments*) of the Terms and Conditions of the Notes.
Issue Date	30 August 2022.
Maturity Date	30 August 2025.
Status of the Notes	The Notes when issued will constitute direct, general, unsubordinated, unconditional and (subject to Condition 3(a) (*Negative Pledge*) of the Terms and Conditions of the Notes) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Negative Pledge	The Notes will contain a negative pledge provision as further described in Condition 3(a) (*Negative Pledge*) of the Terms and Conditions of the Notes.
NDRC Post-issue Reporting	The Issuer will undertake to file or cause to be filed with the NDRC the requisite information and documents within the prescribed timeframe after the Issue Date in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) issued by the NDRC and which came into effect on 14 September 2015, and any implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time (the "**NDRC Post-issue Reporting**"). The Issuer shall submit the NDRC Post-issue Reporting within the prescribed timeframe after the Issue Date and shall comply with all applicable PRC laws and regulations in connection with the Notes. The Issuer shall within 10 PRC Business Days after the submission of such NDRC Post-issue Reporting (i) provide the Trustee with a certificate (substantially in the form scheduled to the Trust Deed) signed by an Authorised Signatory confirming the submission of the NDRC Post-issue Reporting (together with a copy of the relevant document(s), if any, evidencing due filing with the NDRC) and (ii) give notice to the Noteholders in accordance with Condition 15 (*Notices*) confirming the submission of the NDRC Post-issue Reporting.

Foreign Debt Registration	The Issuer will undertake to file or cause to be filed with SAFE the requisite information and documents within the prescribed timeframe in accordance with (i) the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) issued by SAFE and which came into effect on 13 May 2013, and (ii) the Circular on Relevant Matters about the Macro-Prudential Management of Cross-Border Financing in Full Aperture (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) issued by the PBOC and which came into effect on 12 January 2017 and any implementation rules, reports, certificates, approvals or guidelines as issued by SAFE or the PBOC, as the case may be, from time to time (the "**Foreign Debt Registration**"). The Issuer shall complete the Foreign Debt Registration on or before the SAFE Registration Deadline and shall within ten PRC Business Days after receipt of a registration certificate from SAFE (or any other document evidencing the completion of the Foreign Debt Registration issued by SAFE), (i) provide the Trustee with a certificate (substantially in the form scheduled to the Trust Deed) signed by an Authorised Signatory confirming the completion of the Foreign Debt Registration (together with a copy of the relevant document(s) (x) filed with SAFE and (y) issued by SAFE evidencing the completion of the Foreign Debt Registration) and (ii) give notice to the Noteholders in accordance with Condition 15 (*Notices*) of the Terms and Conditions of the Notes confirming the completion of the Foreign Debt Registration.
Redemption at Maturity	Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on the Maturity Date, subject as provided in Condition 6 (*Payments*) of the Terms and Conditions of the Notes.

Taxation	All payments of principal, premium (if any) and interest in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the PRC or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. Where such withholding or deduction is made by the Issuer by or within the PRC at the rate up to and including the rate applicable on 24 August 2022 (the "**Applicable Rate**"), the Issuer will pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required. If the Issuer is required to make a deduction or withholding by or within the PRC, in excess of the Applicable Rate, the Issuer shall pay such additional amounts (the "**Additional Tax Amounts**") as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Tax Amounts shall be payable in respect of any Note in the circumstances set out in Condition 7 (*Taxation*) of the Terms and Conditions of the Notes.
Redemption for Taxation Reasons	The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their principal amount, together with interest accrued to (but not including) the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:

	(i) the Issuer has or will become obliged to pay Additional Tax Amounts as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 24 August 2022; and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, **provided, however, that** no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts if a payment in respect of the Notes were then due.
Redemption for a Relevant Event	At any time following the occurrence of a Relevant Event, each Noteholder will have the right, at such Noteholder's option, to require the Issuer to redeem all but not some only of that Noteholder's Notes on the Put Settlement Date at 101 per cent. of their principal amount (in the case of a redemption for Change of Control) or 100 per cent. of their principal amount (in the case of a redemption for Non-Registration Event), in each case, together with interest accrued to (but not including) such Put Settlement Date, as further described in Condition 5(c) (*Redemption for a Relevant Event*) of the Terms and Conditions of the Notes. a "**Change of Control**" occurs when: (i) Zhengzhou Municipal Government and/or State-owned Assets Supervision and Administration Commission of Zhengzhou Municipal People's Government (鄭州市人民政府國有資產監督管理委員會) and/or any other persons and entities (directly or indirectly) Controlled by central government of the PRC (each a "**Government Person**"), together, ceases to Control the Issuer; or

(ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person or persons, acting together, except where such person(s) is/are Controlled, directly or indirectly by a Government Person;

"**Control**" means with respect to a Person (where applicable): (i) the ownership or control of 100 per cent. of the issued share capital of such Person; or (ii) the possession, directly or indirectly, of the power to nominate or designate all members then in office of such Person's board of directors or other governing body, in respect of (i) or (ii) whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise. For the avoidance of doubt, a Person is deemed to Control another Person so long as it fulfils one of the two foregoing requirements and the terms "**Controlling**" and "**Controlled**" have meanings correlative to the foregoing;

a "**Non-Registration Event**" occurs when the Registration Condition has not been satisfied on or prior to the SAFE Registration Deadline;

"**Registration Condition**" means the receipt of the certificate referred to in Condition 3(d) (*Registration with SAFE*) of the Terms and Conditions of the Notes and a copy of the Registration Documents by the Trustee and the publication of the notice to Noteholders of completion of the Foreign Debt Registration in accordance with Condition 3(d) (*Registration with SAFE*) of the Terms and Conditions of the Notes;

a "**Relevant Event**" means a Change of Control or a Non-Registration Event;

"**SAFE Registration Deadline**" means the day falling 120 PRC Business Days after the Issue Date; and

"**Zhengzhou Municipal Government**" means the Zhengzhou Municipal People's Government (鄭州市人民政府).

Events of Default	Upon the occurrence of certain events as described in Condition 8 (*Events of Default*) of the Terms and Conditions of the Notes, the Trustee at its discretion may and, if so requested in writing by Noteholders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality.
Cross-Default	The Notes will contain a cross-default provision as further described in Condition 8(c) (*Cross-default of the Issuer or Subsidiary*) of the Terms and Conditions of the Notes.
Clearing Systems	The Notes will be represented by beneficial interests in the Global Note Certificate in registered form, which will be registered in the name of a nominee of, and deposited on or about the Issue Date with, a common depositary for Euroclear and Clearstream. Beneficial interests in the Global Note Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream.
Common Code	249970093.
ISIN	XS2499700933.
Governing Law	English law.
Trustee and Principal Paying Agent	The Bank of New York Mellon, London Branch.
Registrar and Transfer Agent	The Bank of New York Mellon SA/NV, Luxembourg Branch.
Listing	Application will be made to the HKSE for the listing of, and permission to deal in, the Notes on the HKSE by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 31 August 2022.

	Application will be made to the MOX for the listing of the Notes by way of debt issues to the MOX Professional Investors only, and such listing will be subject to the MOX's approval. Admission to the listing of the Notes on the MOX shall not be taken as an indication of the merits of the Issuer, the Group or the Notes.
Use of Proceeds	See "*Use of Proceeds*".
Ratings	The Notes are expected to be rated "A-" by Lianhe Global and "BBB+" by Fitch. Such ratings of the Notes does not constitute a recommendation by Lianhe Global or Fitch to buy, sell or hold the Notes and may be subject to suspension, reduction, revision or withdrawal at any time by Lianhe Global or Fitch, as applicable. Such ratings should be evaluated independently of any other rating of the other securities of the Issuer or of the Issuer.
Further Issues	The Issuer may from time to time, without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, the first payment of interest and the timing to perform and complete the NDRC Post-issue Reporting and the Foreign Debt Registration) so as to form a single series with the Notes, as further described in Condition 14 (*Further Issues*) of the Terms and Conditions of the Notes.
Selling Restrictions	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States, the United Kingdom, Hong Kong, the PRC, Singapore, Japan and Macau, see "*Subscription and Sale*" below.

SUMMARY FINANCIAL INFORMATION OF THE GROUP

The summary consolidated financial information of the Group as at and for the year ended 31 December 2019 (excluding other financial data) as set forth below is extracted from the 2020 Audited Financial Statements. The summary consolidated financial information of the Group as at and for the years ended 31 December 2020 and 2021 (excluding other financial data) as set forth below is extracted from the 2021 Audited Financial Statements. The Audited Financial Statements have been audited by AP CPA, the independent auditor of the Group in accordance with Chinese Auditing Standards issued by MOF. See also "Presentation of Financial Information".

The Audited Financial Statements were prepared and presented in accordance with PRC GAAP. PRC GAAP differs in certain material respects from IFRS. For a discussion of certain differences between PRC GAAP and IFRS, see "Summary of Certain Differences between PRC GAAP and IFRS".

The Group has adopted the New Accounting Standards starting from 1 January 2021. As a result of the application of such new accounting standards, certain adjustments were made to the financial statements. For details of such new accounting standards and their impact on the 2021 Audited Financial Statements, please refer to "Notes to Financial Statements — III. Important accounting policies and accounting estimates — (32) Important accounting policies and accounting estimate change" of the 2021 Audited Financial Statements included elsewhere in this Offering Circular. With the implementation of the New Accounting Standards, relevant items in the balance sheet as at the beginning of the year, 1 January 2021, were adjusted and restated from the audited consolidated balance sheet of the Group as at 31 December 2020.

The summary consolidated financial information as set forth below should be read in conjunction with, and is qualified in its entirety by reference to, the relevant audited consolidated financial statements of the Group and the notes thereto included elsewhere in this Offering Circular. The Group's historical consolidated financial information should not be taken as an indication of its future financial performance. See "Risk Factors — Risks Relating to Financial and Other Information — The historical consolidated financial information of the Group is not indicative of its current and future financial results".

The Audited Financial Statements are originally prepared in the Chinese language, i.e. the Chinese Financial Statements, and have been translated into English, i.e. the Financial Statements Translation, for the purposes of inclusion in this Offering Circular for reference purposes only. Should there be any inconsistency between the Chinese Financial Statements and the Financial Statements Translation, the Chinese Financial Statements shall prevail. The Financial Statements Translation does not itself constitute audited financial statements, and is qualified in its entirety by, and is subject to, the financial information set out or referred to in, the Chinese Financial Statements. The Chinese Financial Statements are available at the following website: www.chinamoney.com.cn. None of the Joint Lead Managers or their respective affiliates, officers, representatives, directors, employees, agents or advisers have independently verified or checked the accuracy of the Financial Statements Translation and can give no assurance that the information contained therein is accurate, truthful or complete.

Summary Consolidated Statement of Financial Position Data

	As at 31 December		As at 1 January	As at 31 December
	2019	2020 (Before restatement)	2021 (After restatement)	2021
	(audited) *(RMB'000)*	*(audited)* *(RMB'000)*	*(audited)* *(RMB'000)*	*(audited)* *(RMB'000)*
Current assets:				
Cash and cash on hand	5,909,824.96	5,552,271.00	5,552,271.00	6,346,076.21
Notes receivable	906.71	—	—	1,221.93
Accounts receivable(1)	601,619.40	553,489.34	539,968.62	444,042.94
Advances to suppliers	918,155.40	418,901.10	418,901.10	98,661.52
Other receivables(1)	2,398,411.27	2,399,232.77	2,429,037.60	2,372,821.54
Of which: Interest receivable	—	—	—	155.56
Inventory	10,845,649.47	12,039,771.40	12,039,771.40	13,214,099.06
Contract assets(1)	N/A	—	647,552.69	647,552.69
Other current assets	329,701.97	493,513.13	493,513.13	582,846.42
Total current assets	**21,004,269.18**	**21,457,178.73**	**22,121,015.53**	**23,707,322.31**
Non-current assets:				
Available for sale financial assets(1)	2,360.00	9,360.00	—	—
Long-term receivables(1)	1,303,766.49	2,825,370.52	—	—
Long-term equity investment(1)	337,999.44	361,604.93	342,865.16	365,778.76
Other non-current financial assets	N/A	—	9,360.00	21,360.00
Investment properties	71,530.72	71,466.57	71,466.57	72,042.50
Fixed assets	113,398.95	101,179.30	101,179.30	98,355.31
Construction in progress	24,242.78	37,890.53	37,890.53	49,368.02
Intangible assets(1)	4,747,745.60	4,353,737.46	26,269.62	25,665.02
Long-term prepaid expenses	14,375.27	14,846.25	14,846.25	23,334.40
Deferred tax assets(1)	112,033.50	139,639.42	168,079.18	190,399.64
Other non-current assets(1)	14,590,496.42	14,717,876.64	22,142,517.97	23,058,417.40
Total non-current assets	**21,317,949.16**	**22,632,971.61**	**22,914,474.59**	**23,904,721.04**
TOTAL ASSETS(2)	**42,322,218.34**	**44,090,150.35**	**45,035,490.12**	**47,612,043.35**

Notes

(1) Pursuant to the New Accounting Standards, the Group had made adjustments to certain line items in the 2021 Audited Financial Statements in accordance with the new reporting requirements on financial statements. For details of such adjustments, see *"Notes to Financial Statements — III. Important accounting policies and accounting estimates — (32) Important accounting policies and accounting estimate change"* of the 2021 Audited Financial Statements which are included elsewhere in the Offering Circular.

(2) According to the Joint Circular 706, any public interest assets such as public schools, public hospitals, public cultural facilities, parks, public squares, office buildings of government departments and public institutions, municipal roads, non-toll bridges, non-operating water conservancy facilities, no-charge pipe network facilities and other public interest assets and the usage rights of reserve land cannot be counted towards the Group' assets for the purposes of issuing medium and long-term foreign debt. As at 31 December 2021, certain assets that the Group currently holds title to serve public functions. As at 31 December 2021, such assets amounted to approximately RMB14,590.5 million, representing approximately 30.64 per cent. of the Group's total assets and 76.79 per cent. of the Group's total net assets. See *"Risk Factors — Risks relating to Financial and Other Information — Any public interest assets of the Group should not be taken into account when evaluating the Group's business, financial condition, results of operations and prospects are assessed"* for further information.

	As at 31 December		As at 1 January	As at 31 December
	2019	2020 (Before restatement)	2021 (After restatement)	2021
	(audited) *(RMB'000)*	*(audited)* *(RMB'000)*	*(audited)* *(RMB'000)*	*(audited)* *(RMB'000)*
Current liabilities:				
Short-term borrowings	10,800.00	130,800.00	130,800.00	200,800.00
Accounts payable(1)	1,251,343.21	1,022,019.84	1,774,416.27	1,713,272.85
Receipts in advance(1)	15,842.81	46,661.29	8,247.30	5,259.37
Contractual Liabilities(1)	N/A	—	178,267.45	225,219.09
Payroll and employee benefits payable	3,756.11	4,535.21	4,535.21	4,539.62
Taxes payable(1)	17,847.05	43,321.11	41,749.18	27,397.42
Other payables(1)	619,089.27	723,429.39	567,531.87	607,672.41
Of which: Interest payable	129,046.35	172,798.74	172,798.74	211,338.37
Current portion of non-current liabilities(1)	3,414,622.00	3,381,460.30	3,381,460.30	8,458,811.27
Total Current Liabilities	**5,333,300.45**	**5,352,227.15**	**6,087,007.58**	**11,242,972.03**
Non-current liabilities:				
Long-term borrowings	12,480,259.52	11,644,459.22	11,644,459.22	10,370,145.24
Bonds payable	6,058,993.15	8,626,493.61	8,626,493.61	6,573,891.54
Deferred income	1,365.43	2,289.22	2,289.22	4,428.41
Deferred tax liabilities	291.40	275.36	275.36	22,204.66
Other non-current liabilities	—	—	317,039.21	397,801.21
Total non-current liabilities	**18,540,909.50**	**20,273,517.41**	**20,590,556.62**	**17,368,471.06**
TOTAL LIABILITIES	**23,874,209.95**	**25,625,744.56**	**26,677,564.20**	**28,611,443.09**
Shareholders' Equity:				
Paid-in capital	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00
Capital reserve	15,220,250.52	15,220,250.52	15,220,250.52	15,223,350.52
Surplus reserve(1)	169,076.56	169,163.61	174,442.64	176,511.66
Undistributed profits(1)	1,658,279.50	1,663,382.41	1,588,799.08	1,635,596.73
Equity attributable to owners of the parent	18,047,606.57	18,052,796.53	17,983,492.23	18,035,458.90
Non-controlling interests(1)	400,401.82	411,609.26	374,433.69	965,141.36
Total shareholders' equity	**18,448,008.39**	**18,464,405.79**	**18,357,925.92**	**19,000,600.26**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**42,322,218.34**	**44,090,150.35**	**45,035,490.12**	**47,612,043.35**

Note

(1) Pursuant to the New Accounting Standards, the Group had made adjustments to certain line items in the 2021 Audited Financial Statements in accordance with the new reporting requirements on financial statements. For details of such adjustments, see *"Notes to Financial Statements — III. Important accounting policies and accounting estimates — (32) Important accounting policies and accounting estimate change"* of the 2021 Audited Financial Statements which are included elsewhere in the Offering Circular.

Summary Consolidated Income Statement Data

	For the year ended 31 December		
	2019	**2020**	**2021**
	(audited)	*(audited)*	*(audited)*
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Total revenue	**1,226,745.51**	**1,148,238.32**	**1,184,345.28**
Including: Operating revenue	1,226,745.51	1,148,238.32	1,184,345.28
Total cost of sales	**1,222,806.08**	**1,158,977.41**	**1,122,865.43**
Including: Cost of sales	726,835.18	733,863.69	992,698.70
Taxes and surcharges	9,594.69	19,762.39	40,025.64
Selling expenses	79,330.83	51,162.90	54,020.46
General and administrative expenses	100,036.82	89,336.69	98,989.07
Research and development (R&D) expenses	—	—	250.00
Financial expenses	307,008.55	264,851.74	-63,118.44
Including: Interest expenses	322,557.97	286,321.01	451,754.46
Interest income	22,251.26	34,002.72	531,481.71
Add: Other income	478.38	7,059.26	1,164.47
Investment income (losses expressed with "-")	36,720.90	24,176.64	23,870.94
Of which: Investment income from associates and joint ventures	34,964.32	23,105.49	22,913.60
Gains from changes in fair value (losses expressed with "-")	-2,134.66	-64.15	575.93
Credit impairment losses (losses expressed with "-")	—	—	-8,346.51
Assets impairment losses (losses expressed with "-")	-4,893.24	965.18	—
Gains from disposal of assets (losses expressed with "-")	0.38	16.48	12.16
Operating profit	**34,111.18**	**21,414.32**	**78,756.82**
Add: Non-operating income	4,399.11	5,978.98	3,112.71
Less: Non-operating Expenses	444.21	3,125.36	854.36
Profit/(loss) before tax	**38,066.08**	**24,267.94**	**81,015.18**
Less: Income tax expense	-3,996.63	3,333.14	31,103.34
Net profit/(loss)	**42,062.71**	**20,934.80**	**49,911.84**
(i) Categorized by ownership			
a. Net profit from continuing operations	42,062.71	20,934.80	49,911.84
b. Net profit from discontinuing operations	—	—	—

	For the year ended 31 December		
	2019	2020	2021
	(audited)	*(audited)*	*(audited)*
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
(ii) Categorized by ownership			
a. Net profit attributable to owners of the parent	33,764.74	9,727.36	52,442.47
b. Net profit attributable to non-controlling interests	8,297.97	11,207.44	-2,530.63
Total comprehensive income	**42,062.71**	**20,934.80**	**49,911.84**
Total comprehensive income attributable to owners of the parent	33,764.74	9,727.36	52,442.47
Total comprehensive income attributable to non-controlling interests	8,297.97	11,207.44	-2,530.63

Summary Consolidated Statement of Cash Flows Data

	For the year ended 31 December		
	2019	2020	2021
	(audited)	*(audited)*	*(audited)*
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Net cash flows from operating activities	-1,096,292.56	41,659.02	-386,699.49
Net cash flows from investing activities	-2,093,363.25	-1,150,340.15	-150,840.58
Net cash flows from financing activities	5,042,046.75	707,858.97	1,331,345.28
Net increase in cash and cash equivalents	1,852,390.94	-400,822.16	793,805.21
Cash and cash equivalents at end of year	5,897,093.16	5,496,271.00	6,290,076.21

Other Financial Data

	As at 31 December/For the year ended 31 December		
	2019	2020	2021
	(unaudited)	*(unaudited)*	*(unaudited)*
EBITDA (in RMB millions)	782.0	672.2	16.2
EBITDA margin (per cent.)	63.7	58.5	1.4

Notes:

(1) EBITDA equals sum of gross profit, depreciation of fixed asset, amortisation of intangible assets and amortisation of long-term deferred expenses, minus taxes and surcharges in total operating costs, selling expenses and administration expenses. EBITDA is not a standard measure under PRC GAAP or IFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of the Issuer's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, investors should consider, among other things, the components of EBITDA such as operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. The Issuer has included EBITDA because the Issuer believes that it is a useful supplement to cash flow data as a measure of the Issuer's performance and its ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Issuer's EBITDA to EBITDA presented by other companies because not all companies use the same definition.

(2) EBITDA margin equals EBITDA dived by total revenue.

An investment in the Notes is subject to a number of risks. Prior to making any investment decision, investors should carefully consider all of the information contained in this Offering Circular, and in particular, the risks and uncertainties described below. The following describes some of the significant risks relating to the Group, its business, the market in which the Group operates and the Notes. Some risks may be unknown to the Issuer and other risks, currently believed to be immaterial, could in fact be material. Any of these could materially and adversely affect the business, financial condition, results of operations or prospects of the Group or the value of the Notes. The Issuer believes that the risk factors described below represent the principal risks inherent in investing in the Notes, but the ability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may be affected by some factors that may not be considered as significant risks by the Issuer based on information currently available to it or which it is currently unable to anticipate. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The actual results of the Group could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Offering Circular.

The Issuer does not represent that the statements below regarding the risk factors are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

RISKS RELATING TO THE GROUP'S BUSINESS

The Group's business, financial condition, results of operations and prospects are heavily dependent on the level of economic development in the PRC, particularly Zhengzhou.

The Group is a state-owned enterprise indirectly owned by Zhengzhou SASAC and it is a major public infrastructure construction, investment and management company in Zhengzhou. Substantially all of the Group's business operations and investments are conducted in Zhengzhou and substantially all of its assets are located in Zhengzhou. Therefore, the Group's business, financial condition, results of operations and prospects have been and will continue to be heavily dependent on the level of economic development in Zhengzhou.

The economy of the PRC experienced rapid growth in the past 30 years. There has been a slowdown in the growth of the PRC's gross domestic product ("**GDP**") since the second half of 2013 and this has raised market concerns that the historic rapid growth of the economy of the PRC may not be sustainable. According to the National Statistics Bureau of the PRC, the annual growth rate of China's GDP in 2019 decreased slightly to 6.0 per cent. on a year-on-year basis compared to 6.6 per cent. in 2018, and it further decreased to 2.2 per cent. in 2020 on a year-on-year basis. Although the PRC recorded a GDP annual growth rate of 8.1 per cent. in 2021, there can be no assurance that a similar level of growth rate can be sustained. Any future slowdown may create a credit tightening environment, increase the Group's financing costs, negatively affect the government's fiscal income and investment in fixed assets or reduce governmental subsidies to the Group. The national economic condition of the PRC has a material effect on regional economic performance in the PRC. According to the Statistics Bureau of Zhengzhou, the annual growth rate of Zhengzhou's GDP decreased from 13.2 per cent. in 2011 to 4.7 per cent. in 2021 even though Zhengzhou's GDP increased during this period. These changes were generally in line with the changes in the PRC's GDP growth rate during the same period.

The economic condition and future development of China and Zhengzhou may be affected by many factors beyond the Group's control. The future prospects of the economy of the PRC, Henan Province and Zhengzhou depend on many different factors, most of which are beyond the Group's control. China's economy experienced a significant slowdown since the outbreak of COVID-19 in late 2019 and China recorded a GDP contraction of 6.8 per cent. year-on-year in the first quarter of 2020. Given that China was generally able to contain the spread of COVID-19 in 2021, China's economy increased by 18.3 per cent. year-on-year in the first quarter of 2021. In 2022, the PRC government imposed a number of measures in an effort to contain another wave of COVID-19 in major cities like Shanghai, including mandatory business closures, travel restrictions, quarantines, lockdowns, limitations on public gatherings and the suspension of major events. These containment measures have in some cases caused disruptions across various cities in China and may have an adverse effect on the Chinese economy. There can be no assurance that there will not be negative factors such as a resurgence of COVID-19 that would result in a significant slowdown of the economy of the PRC and Zhengzhou in the future. It is uncertain how the economic condition and future development in Zhengzhou will be affected by the fluctuation in the growth of the PRC's economy. There can be no assurance that the level of economic development in China or Zhengzhou will continue at its historical growth rate or at all. Any slowdown in the economic development in Zhengzhou may affect its city development plan. This may have an adverse effect on the Group's business, financial condition, results of operations and prospects.

Most of the Group's businesses are concentrated in a single geographical region.

Substantially all of the Group's current and anticipated businesses are concentrated in Zhengzhou. Any material region-wide adverse events may negatively impact the demand for projects conducted or services provided by the Group in Zhengzhou, which would in turn affect the revenue and profitability of the Group. Such material and adverse events include, but are not limited to, changes in economic conditions and the regulatory environment, changes in the national or regional governments' development plans and policies, decrease in investor confidence within the region, significant natural disasters, and man-made incidents. Due to the limited geographical coverage of its operations, the Group may not be able to effectively manage any potential losses arising from these material and adverse events, which may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group faces risks related to force majeure events, natural disasters, outbreaks, or threatened outbreak, of any severe contagious disease, such as the outbreak of COVID-19, which could significantly disrupt its business operations.

The Group's businesses could be adversely affected by the effects of force majeure events, natural disasters, catastrophes, epidemics, pandemics and other outbreaks, such as COVID-19, avian influenza, severe acute respiratory syndrome (SARS), influenza A (H1N1), Ebola and other acts of God which are beyond its control. Force majeure events, natural disasters, catastrophes or other events could result in severe personal injury to the Group's staff, property damage and environmental damage, which may curtail the Group's operations, cause delays in estimated completion dates for projects and materially and adversely affect its cash flows and, accordingly, adversely affect its ability to service debt. Outbreaks of contagious diseases and other adverse public health developments in China or any other markets in which the Group operates and conducts business could severely disrupt its business operations by damaging the demand for the products and services provided by it or impacting the productivity of its workforce, which could negatively affect its financial condition, operating results and future prospects. Any occurrences of force majeure events, natural disasters, catastrophes or other events could adversely affect the Group's business operations, cause delays in the Group's projects, increase the costs associated with its operations and could in turn, materially and adversely affect its revenue, profit and cash flows and, accordingly, negatively impact its ability to repay any debt.

In early 2020, COVID-19, a highly infectious virus, spread throughout the globe, resulting in numerous deaths in the world. The World Health Organization announced in March 2020 that COVID-19 had developed into a pandemic. In an effort to contain the spread of COVID-19, the PRC government took a number of measures to contain the spread of COVID-19, including, among other steps, extending the Chinese New Year holidays, and imposing travel, quarantine and other work-related restrictions. These containment measures caused disruptions to the Group's business and results of operations for the years ended 31 December 2020 and 2021. For example, the construction of various projects of the Group was affected and delayed as a result of the measures to contain COVID-19 pandemic taken by the PRC government. A prolonged outbreak of COVID-19 has had and may continue to have a material adverse impact on China's economy, the global economy and financial markets in general, which in turn could materially and adversely affect the Group's business, financial condition and results of operations.

Furthermore, several major cities in China including Shanghai have recently experienced an outbreak of COVID-19, leading to extended lockdowns in these cities. Continued lockdowns may have a significant impact on the economy of the PRC and the Group's performance. In addition, there can be no assurance that there will not be negative factors such as a resurgence of COVID-19 that would result in a significant slowdown of the economy of the PRC and Zhengzhou in the future. The Group is not able at this time to ascertain the full impact of COVID-19 related measures on its financial or operating results. In addition, some of the Group's contracts may have force majeure provisions that permit such parties to suspend, terminate or otherwise not perform their obligations under the relevant contracts upon the occurrence of certain events, such as strikes and other industrial or labour disturbances, terrorism, restraints of government, civil protests or disturbances, international conflicts and tensions, military and other actions, heightened security measures in response to these threats, or any natural disasters, all of which are beyond the control of the party asserting such force majeure event. If one or more of the Group's counterparties do not fulfil their contractual obligations for any extended period of time due to a force majeure event or otherwise, the Group's results of operations and financial condition could be materially and adversely affected.

PRC regulations on the administration of the financing platforms and debts of local governments may have a material impact on the Group's business and sources of financing.

Various PRC government entities maintain and enforce regulations related to local government financing vehicles ("**LGFV**"). These government entities, including the Ministry of Finance (the "**MOF**"), may from time to time interpret relevant laws and regulations differently based on their own interpretation of the specific activities engaged in by enterprises such as the Issuer. The Issuer therefore cannot be certain that certain regulations intended to apply to LGFVs do not or will not apply to it or that such regulations will not be retroactively applied to it.

In September 2014, the State Council of the PRC released the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (關於加強地方政府性債務管理的意見) ("**Circular 43**") with an aim to control a significant increase in local government debts and associated risks in the PRC's banking system. Circular 43 generally prohibits local governments to incur "off-balance" indebtedness to finance the development of government projects and other public interest projects with the proceeds of the borrowings incurred by financing platforms that the relevant local governments own or control. In April 2017, the MOF, together with the NDRC, the PBOC, the China Securities Regulatory Commission, the China Banking Regulatory Commission and the Ministry of Justice of the PRC, released the Notice Concerning Further Regulation of Local Government Borrowing and Financing Conduct (關於進一步規範地方政府舉債融資行為的通知) to emphasise the principles and policies set out in Circular 43. In the event the Issuer is deemed a financing platform of the relevant local government, the Group's results of operations and financial condition may be heavily affected by such changes in applicable regulations, including Circular 43. Consequently, the Group should rely exclusively upon the cash flow generated from its operations and external borrowings to satisfy its cash needs for servicing its outstanding indebtedness and financing its operating activities.

In addition, the PRC government issued Regulation on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知, 財金[2018]23號) (the "**MOF Circular**"), effective 28 March 2018, which aims to increase the responsibility of the PRC state-owned financial institutions to assess the financial independence and liquidity level of LGFVs that they assist in fundraising. On 11 May 2018, the Circular of the National Development and Reform Commission and the Ministry of Finance on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks (國家發展改革委財

政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知) (the "**Joint Circular**") was released. The Joint Circular reiterates the PRC government's position to isolate the debt of LGFVs from that of the relevant local government and to control the increase in local governments' debt. The Joint Circular requires companies that plan to borrow medium and long-term foreign debt to establish a sound and standardised corporate governance structure, management's decision-making mechanism and financial management system. It further requires assets owned by such companies be of good quality with clear ownership and public interest assets are prohibited from being included in corporate assets. See "*— Risks relating to the Notes — Any public interest assets of the Group should not be taken into account when evaluating the Group's business, financial condition, results of operations and prospects are assessed*".

On 6 June 2019, the NDRC further issued the Circular of the General Office of the National Development and Reform Commission on Relevant Requirements for the Record-filing and Registration of Foreign Debts Issued by Local State-owned Enterprises (Fa Gai Ban Wai Zi [2019] No. 666) (關於對地方國有企業發行外債申請備案登記有關要求的通知, 發改辦外資[2019]666號) (the "**Circular 666**"). Circular 666 reiterates that a local state-owned enterprise shall fulfil responsibilities for repayment for foreign debts in its capacity as an independent legal person. A local government or its departments shall not directly repay or undertake to repay foreign debts of a local state-owned enterprise with financial capital, or provide guarantee for the issuance of foreign debts by a local state-owned enterprise. The PRC government may continue to release new policies or amend existing regulations to control the increase in local government debts in China, and there can be no assurance that the Group's financing model and business model will not be materially affected as a result.

Zhengzhou SASAC exerts significant influence on the Group's business, and measures that benefit Zhengzhou may not always be beneficial to the Group.

As at the date of this Offering Circular, the Issuer is directly wholly-owned by Zhengzhou Real Estate Group Co., Ltd. (鄭州地產集團有限公司) ("**Zhengzhou Real Estate Group**"), which in turn is directly wholly-owned by Zhengzhou SASAC. Zhengzhou SASAC is responsible for the administration of many state-owned enterprises in Zhengzhou, including the Issuer. Zhengzhou SASAC has a significant influence on the Group as it does with respect to many other local state-owned enterprises under its control, including the scope of its business, major investment decisions, development strategies, appointment of directors and certain senior management positions. When Zhengzhou SASAC carries out its administrative function and implements the PRC government's policies, there can be no assurance that Zhengzhou SASAC would always take actions that are in the Group's best commercial interests or that aim to maximise the Group's profit. Those actions may be beneficial to Zhengzhou as a whole, but could have an adverse impact on the Group's business, financial condition, results of operations and prospects. In recent years, the local counterparts of SASAC in many provinces and cities have directed reorganisations of local state-owned enterprises, which are conducted in the forms of asset transfer, asset disposition and/or asset swap. It is difficult to foresee or control the occurrence of similar transactions directed by the governmental authorities and there can be no assurance that the Group will not be adversely affected if any such reorganisation were to take place.

The ownership and control of the Group by the PRC government does not provide assurance on the Group's financial condition.

Although the Group is a state-owned enterprise indirectly owned by Zhengzhou SASAC, the ownership and control of the Group by the PRC government (including the Zhengzhou Municipal Government, Zhengzhou SASAC and other state-owned entities) does not necessarily correlate to, or provide any assurance as to, the financial condition of the Issuer or the Group. Therefore, a potential investor should not invest in the Notes based on its understanding of the financial condition of the owners of the Issuer or the Group. Nor should a potential investor invest in the Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate the risks pertaining to the Issuer and the Group before making an investment decision.

The Group faces risks associated with contracting with the Zhengzhou Municipal Government and its controlled entities.

The Group's revenue mainly comes from contracts with government bodies, agencies and entities, in particular the Zhengzhou Municipal Government and its agencies. However, the Zhengzhou Municipal Government and other local government agencies and entities may (i) have economic or business interests or considerations that are inconsistent with the Group's best interests; (ii) take actions which are contrary to the Group's requests, policies or objectives; (iii) be unable or unwilling to fulfil their obligations; (iv) encounter financial difficulties; or (v) have disputes with the Group as to contractual terms or other matters. Such counterparties may not perform their contractual obligations in a timely manner, if at all, or may, without prior notice, change existing policies and project plans for various reasons such as changes in government budgets. The occurrence of any such event may require the Group to adjust its business operations and development plans, which could adversely affect its operating results. If there is any material disagreement between the Group and such government agencies or entities, the Group may not be able to successfully resolve the disagreement in a timely manner, if at all. Disputes with public bodies may last for a considerably longer period than those with private sector counterparties, and payments due to the Group may be delayed as a result. Although the Group believes that it currently maintains productive working relationships with its government agency and entity counterparties, there can be no assurance that such relationships will not deteriorate or discontinue in the future. If any of the above factors were to materialise, they may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's business operations require substantial cash outlays and any failure of the Group to obtain sufficient capital resources on acceptable terms or in a timely manner may adversely affect its business and prospects.

The Group's business operations require substantial cash outlays. For the years ended 31 December 2019, 2020 and 2021, the Group expended a total of RMB2,094.1 million, RMB1,143.8 million and RMB46.8 million, respectively for payments of fixed assets, intangible assets and other long-term assets. The Group historically satisfied its cash requirements with (i) the cash flow generated from its operations and investment, (ii) government grants and subsidies, (iii) the proceeds of bank and other borrowings and (iv) the proceeds from the issuance of bonds and commercial paper in the PRC capital markets. The Group believes that it will continue to require substantial capital resources to support its business operations and expansion.

The ability of the Group to generate sufficient operating cash flow is affected by a number of factors, such as the Group's ability to carry on its business activities in an efficient manner, due performance of the Group's contractors, changes in the general market conditions and regulatory environment and competition in certain sectors in which the Group operates. Any adverse change in any of these factors, which may be out of the Group's control, may create a capital shortfall. There can be no assurance that the Group's operating activities are able to generate sufficient cash to satisfy its cash needs at all times. While the Group generated positive net cash flow from operating activities in the amount of RMB41.7 million for the year ended 31 December 2020, the Group had net cash outflow from operating activities in the amount of RMB1,096.3 million and RMB386.7 million for the years ended 31 December 2019 and 2021, respectively.

If the Group is not able to secure sufficient capital with its cash reserves, it has to increase its reliance on external financing. As at 31 December 2021, the Group's total indebtedness (comprising short-term borrowings, current portion of non-current liabilities, long-term borrowings and bonds payable) was RMB25,603.65 million. As at 31 December 2021, the Group had credit facilities in a total amount of RMB25,240 million, of which RMB13,751 million had not been used. The Group's ability to arrange for external financing and the cost of such financing are dependent on numerous factors, some of which are beyond the Group's control, including:

- general economic and capital market conditions;
- changes in monetary policies with respect to bank interest rates and lending policy;
- interest rates and credit availability from banks or other lenders;
- investor confidence in the Group, and success of the Group's business;
- the Group's ability to obtain the PRC government approvals required to access domestic or international financing;

- provisions of tax and securities laws that may be applicable to the Group's efforts to raise capital; and

- political and economic conditions in the rest of the PRC generally.

There can be no assurance that additional financing, either on a short-term or a long-term basis, will be available, or that such financing will be obtained on terms favourable to the Group. If the Group is unable to obtain financing on a timely basis and at a reasonable cost, it may not be able to undertake new projects or implement them as planned. This would restrict the Group's ability to grow and, over time, may reduce the quality and reliability of the service the Group provides, and adversely affect the Group's business, financial condition, results of operations and prospects. Substantial indebtedness will in turn increase the pressure on the Group's liquidity and cause additional operational risks. See "— *Substantial indebtedness may restrict the Group's business activities and may increase the Group's exposure to various operational risks*" below.

Substantial indebtedness may restrict the Group's business activities and may increase the Group's exposure to various operational risks.

The Group relies on external financing to satisfy a portion of its capital requirements and it has had a significant amount of outstanding indebtedness. As at 31 December 2021, the Group's total indebtedness (comprising short-term borrowings, current portion of non-current liabilities, long-term borrowings and bonds payable) was RMB25,603.65 million of which RMB8,659.61 million would become due within 12 months. In addition, the Group from time to time guarantees the indebtedness of its related parties. As at 31 December 2021, the balance of the guarantee provided to related parties amounted to RMB1,800 million. See note 7 to the Audited Financial Statements.

Substantial indebtedness could impact the Group's business in a number of ways, including:

- requiring the Group to divert its operating cash flow to service its indebtedness;

- increasing the Group's finance costs, thus affecting the overall profits of the Group;

- decreasing the Group's financial flexibility in carrying on its business or responding to unexpected market changes;

- limiting, together with the financial and other restrictive covenants of the Group's indebtedness, among other things, the Group's ability to borrow additional funds; and

- increasing the Group's vulnerability to adverse general economic and industry conditions.

As the Group's business scale continues to grow, its capital requirement and its reliance on external financing may continue to increase. The Group's financial performance and operating results may be materially and adversely affected if its cash flows and capital resources are insufficient to fund its debt service obligations. Failure to service the Group's debt could result in the imposition of penalties, including increases in rates of interest that the Group pays on its legal actions against the Group by its creditors, or bankruptcy.

Restrictive covenants contained in the bank loans and credit facilities of the Group may limit the Group's ability to incur additional indebtedness and restrict its future operations, and failure to comply with these restrictive covenants may adversely affect its liquidity, financial condition and results of operations.

Certain financing contracts entered into by the Group's members contain operational and financial restrictions that prohibit the borrowers from incurring additional indebtedness unless they are able to satisfy certain financial ratios, restrict the borrowers from creating security or granting guarantees or prohibit the borrowers from changing their business and corporate structure and declaring or paying dividends, without the lenders' prior consent. Such restrictions may negatively affect the relevant companies' ability to respond to changes in market conditions, pursue the business opportunities the Group believes to be desirable, obtain future financing, fund capital expenditures, or withstand a continuing or future downturn in the Group's business. Any of these factors could materially and adversely affect the Group's ability to satisfy its obligations under outstanding financial obligations, such as the Notes after issuance.

If the relevant Group companies fail to comply with the undertakings and covenants in their current or future debt obligations and other financing agreements, a default under the terms of such agreements may occur. In the event of a default under such agreements, the creditors may be entitled to terminate their commitments granted to the Issuer or its subsidiaries, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, depending on the provisions of the relevant agreements. Some financing agreements of the Group contain cross acceleration or cross-default provisions, which give creditors under these financing agreements to require the Group to immediately repay their loans or declare a default of borrower as a result of the acceleration or default of other financing agreements by any other member of the Group. If any of these events occur, there can be no assurance that the Group will be able to obtain the waiver from the relevant lenders in a timely manner or that the assets and cash flow of the Issuer or its subsidiaries would be sufficient to repay in full all of their respective debts as they become due, or that the Issuer or its subsidiaries would be able to find alternative financing. Even if the Issuer and its subsidiaries could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer or, as the case may be, its subsidiaries.

The Group mortgages or pledges some of its assets to secure its bank borrowings. Third-party security rights may limit the Group's use of the assets mortgaged or charges and adversely affect its operating efficiency. If the Issuer and its subsidiaries are unable to service and repay their debts under such loan facilities on a timely basis, the assets mortgaged or charged and the subsidiary equity interests pledged to secure the Group's bank loans may be foreclosed or sold by the relevant lenders, which may adversely affect the Group's business, financial condition, results of operations and prospects.

The Group is exposed to risks relating to its inventories.

As at 31 December 2019, 2020 and 2021, the balance of the Group's inventories was RMB10,845.65 million, RMB12,039.77 million and RMB13,214.1 million, respectively, representing 25.6 per cent., 27.3 per cent. and 27.8 per cent. of the Group's total assets as at the respective dates. The Group's inventories mainly represent the development costs of the projects under construction. The Group maintains a high level of inventories because the Group's construction projects require a relatively long period of planning, construction and project settlement. A high level of inventories increases the pressure on the Group's cash flows. These projects under construction are inherently illiquid and may not be able to be sold for cash in an efficient manner. This may limit the Group's ability to respond to changing economic, financial and investment conditions. The Group has made and will continue to make reasonable effort to maintain an adequate level of inventories. However, there can be no assurance that disruption will not occur.

A significant amount of other receivables may affect the Group's liquidity and restrict the Group's business activities.

As at 31 December 2019, 2020 and 2021, the Group's other receivables amounted to RMB2,398.4 million, RMB2,399.2 million and RMB2,372.8 million, respectively, representing 5.7 per cent., 5.4 per cent. and 5.0 per cent. of the Group's total assets as at the corresponding dates. The Group's other receivables primarily comprise payments due from the Zhengzhou Municipal Government and its controlled entities and the Group's related companies. There are inherent risks associated with the ability of the Zhengzhou Municipal Government and its controlled entities to make timely payments and any failure to make timely payments by these entities could materially and adversely affect the Group's liquidity and in turn affect its business, financial condition or results of operations. See "— *The Group faces risks associated with contracting with the Zhengzhou Municipal Government and its controlled entities*".

The Group's business is subject to compliance risks and any failure of the Group to comply with applicable laws, rules and regulations, including obtaining or maintaining necessary qualifications, permits and approvals for its operations may adversely affect its business, financial condition and results of operations.

The Group's business is subject to various laws, rules and regulations in the PRC affecting how the Group operates its business. There are stringent laws and regulations affecting the Group's infrastructure construction business such as the Construction Law of the People's Republic of China (中華人民共和國建築法) and the Bidding and Tendering Law of the People's Republic of China (中華人民共和國招標投標法). Moreover, the Group must comply with rules deriving from the terms of agreement and performance of contracts with governmental entities and orders and laws governing construction activities and the applicable technical rules governing the delivery of services, supplies and works. According to applicable PRC laws and regulations, the Group needs to obtain a number of approvals, certificates, licenses and permits from different governmental authorities and to comply with extensive procedural requirements before it is qualified to carry on the relevant regulated business activities. For example, the Group is required to obtain a project approval, an environmental assessment approval, a construction land planning permit (建設用地規劃許可證), a construction project planning permit (建設工程規劃許可證), a construction permit (建築工程施工許可證) and a qualification certificate for its construction operations.

There are inherent risks associated with the implementation, enforcement and interpretation of PRC laws. Governmental authorities also have great discretion in determining the granting of the relevant approvals, licences, permits and certificates. These factors have caused and are expected to continue to result in inconsistent application, enforcement or interpretation of law in China. There are significant uncertainties associated with the procedural requirements under applicable PRC laws and regulations for the Group's existing business and the new business which the Group intends to operate in the future. There can be no assurance that the Group will be able to obtain the approvals, licences, permits and certificates necessary in a timely manner, or at all.

PRC governmental authorities from time to time amend existing laws and regulations and release new policies or regulatory requirements which may affect the Group's business operations. The Group may be unable to comply with new laws, regulations or policies or fail to respond to any changes in the regulatory environment in a timely manner. In addition, to ensure the restrictions and conditions of relevant business permits, licenses and certificates are fulfilled, governmental authorities normally conduct regular or special inspections, investigations and inquiries. Certain members of the Group had in the past been found to be in breach of administrative regulations and were ordered to pay administrative fines as a result. If there is any material non-compliance of the Group or its business, the Group's permits, licenses and certificates may be suspended or revoked, and it may be required to pay fines or be subject to other penalties, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may not be able to complete its infrastructure construction projects on time, within budget, or at all.

The Group's infrastructure construction projects require substantial capital investments prior to and during the construction period. One or more years may elapse before a project generates positive cash flows and incomes. The progress and costs for a project may be materially and adversely affected by many factors, including:

- delays in obtaining necessary licences, permits or approvals from government agencies and authorities;

- changes in market conditions;
- unforeseen engineering, design, environmental, structural or geographic problems;
- shortages or increased costs of materials, equipment, contractors and skilled labour;
- labour disputes;
- adverse influence caused by other construction projects not undertaken by the Group;
- construction accidents;
- natural catastrophes;
- adverse weather conditions;
- discovery of historic and cultural relics in the construction site; and
- changes in government policies or in applicable laws or regulations.

Any of these factors may lead to construction delays or increased costs, may require changes to planned specifications or may ultimately end up with delays of the project. For example, as a result of the disruptions in the construction progress caused by the super rainstorm disaster in Henan Province in 2021 and the COVID-19 pandemic (both of which are beyond the Group's control), the construction period of the Jialu River Comprehensive Management Ecological Greening Engineering PPP Project (賈魯河綜合治理生態綠化工程PPP項目) is expected to be extended to June 2023. If a project is not completed on time, other parties in the contract may be entitled to damages for late delivery or, under certain circumstances, may terminate the purchase contract and claim damages. Any such consequences may have a material adverse impact on the Group's reputation, business, financial condition, results of operations and prospects.

The Group's profit margin is sensitive to fluctuations in the cost of construction materials.

Contracting fees paid to third-party contractors are one of the main components of the Group's costs of sales. Contracting fees encompass all costs for the design and construction of a project, costs of construction materials, foundation and substructure, fittings, facilities for utilities and related infrastructure such as roads and pipelines. Contracting fees may fluctuate as a result of the volatile price movement of construction materials such as steel and cement. The Group seeks to reduce its exposure to short-term price fluctuations of construction materials and limit project cost overruns by centralising its procurement. The Group also manages the cost of outsourced construction work through a process of tenders which, among other things, contemplates the procurement of principal construction materials such as steel and cement at fixed prices. In line with industry practice, if there are significant price fluctuations (depending on the specific terms of each contract), the Group will be required to renegotiate, top up or refund, the amounts paid under existing construction contracts. Additionally, should the Group's existing contractors fail to perform under their contracts, the Group might be required to pay more to contractors under replacement contracts. The Group's profit margin is sensitive to changes in market prices for construction materials and its profit margins will be materially and adversely affected if the Group is not able to pass all of the increased costs onto its customers. Any significant increase in the price of the materials used in the Group's projects would have an adverse impact on the Group's business, financial condition and results of operations.

Any underperformance by the Group's third-party contractors may adversely affect the Group's business, financial condition, results of operations and prospects.

The Group engages third-party contractors to provide various services relating to its infrastructure construction projects. The Group generally selects third-party contractors through its standardised open tender process. The Group endeavours to employ those companies with good reputations, strong track records, performance reliability and adequate financial resources. The Group also implements quality control procedures and closely monitors the construction progress. However, there can be no assurance that its third-party contractors will always provide satisfactory services of the quality required by the Group. If the performance of any third-party contractor fails to meet the requirements of the Group, the Group may need to replace such contractor or take other remedial actions, which could adversely affect the cost and development schedule of its projects. In addition, labour shortages, labour disputes or increases in labour costs of the Group's third-party contractors could cause a delay or an extension in the construction progress and an increase in the Group's fees payable to the contractors.

The Group may occasionally be asked to undertake one or more government projects on short notice. There can be no assurance that the Group is able to engage third-party contractors that meet its quality and timeliness requirements in such situations. Moreover, the Group's contractors may undertake projects from other enterprises operating similar business, engage in risky undertakings or otherwise encounter financial or other difficulties, which may adversely affect their ability to complete the Group's projects on time, within budget or at all. All of these third-party related factors may have a material adverse impact on the quality of services provided by the Group's contractors and the quality and construction progress of the Group's infrastructure projects. Unsatisfactory quality or delay in the construction timetable may in turn adversely affect the results of operations and prospects of the Group.

Some of the Group's businesses serve public interest functions and may not be profitable.

Some of the Group's infrastructure construction projects are for general public interest and the Group may fail to recover all of its costs for such projects. Although the Group may receive financial and other support from the Zhengzhou Municipal Government intended to cover certain of these costs, such financial support may not always be available due to the government's liquidity, budgeting priority and other considerations. Further, the Zhengzhou Municipal

Government may change the plans for such projects which may cause an increase in the investment after the construction begins. Despite the above, the Group may continue to participate in businesses and projects for general public interests from time to time. However, as the Group has limited resources, engagement in these business and projects may reduce its ability to participate in other profit-generating projects. The Group's business, financial condition, results of operations and prospects may be adversely affected as a result.

The Group is exposed to risks associated with shantytown resettlement.

The Group engages in shantytown resettlement and is exposed to risks associated with such operations. For instance, there may be potential disputes involving local residents as to the level of compensation payable in connection with any relocation. Other local residents may resist resettlement, thereby requiring the Group to cooperate with the local governments and expend time and energy to consummate the resettlement. Any risk associated with shantytown resettlement may result in increases in the Group's operating costs, which may materially and adversely affect the Group's financial condition and results of operations.

The Group may not be able to successfully implement its growth strategy.

The Issuer is a state-owned enterprise of Zhengzhou SASAC that focuses on investment, construction and management of public infrastructure and provision of ancillary services. While the Group's operations have historically concentrated on public infrastructure construction, over the years, it has diversified its business into hotel operations, trading, management consultancy, technology service, precast construction and other businesses. Whether or not the Group will be successful in implementing its strategy depends on a number of factors, such as changes in the competition landscapes in the relevant industries, the Group's ability to identify suitable business opportunities and to maintain relationships with its customers and suppliers, the Group's ability to secure sufficient capital resources at acceptable costs, its ability to recruit and retain competent talents and adapt to changes in the regulatory environment in the relevant industries. The Group may not be able to effectively and efficiently carry out its growth strategy if any of the foregoing factors does not develop in a direction favourable to the Group. Accordingly, the Group's business, financial condition, results of operations and prospects may be adversely affected as a result of its failure to implement its growth strategy.

Stricter environmental and safety protection in the PRC may increase the Group's operating costs.

The Group is required to comply with extensive and increasingly stringent environmental protection and safety laws and regulations relating to its business, particularly its infrastructure construction related operations. Before the Group is allowed to conduct these business activities or construct the operating facilities, it is required to pass stringent environmental protection and safety examinations by the relevant governmental authorities and to obtain necessary environmental and safety permits and approvals, which shall be renewed by the Group according to relevant requirements.

Among other things, these laws and regulations:

- impose fees for the discharge of waste substances exceeding the discharge standards promulgated by relevant government authorities;
- require the establishment of reserves for reclamation and rehabilitation;
- impose fines for serious environmental offenses; and
- allow the PRC government, at its discretion, to close any facilities failing to comply with orders to correct or stop operations that have caused environmental damage.

The PRC government is currently moving toward more rigorous enforcement of applicable laws and regulations, as well as the adoption and enforcement of more stringent environmental standards. As a result, the Group's budget for environmental regulatory compliance may be insufficient and the Group may need to allocate additional funds. Moreover, there can be no assurance that the Group will comply with all environmental and safety laws and regulations that are adopted or amended in the future. If the Group fails to comply with current or future environmental and safety laws and regulations, it may be ordered to suspend the operation of the relevant business, pay penalties or fines or take corrective actions, any or all of which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Any failure of the Group to maintain an effective quality control system could have an adverse effect on the Group's business and operations.

The Group relies on its quality control system to ensure the safety and quality of its projects. The effectiveness of the Group's quality control system may be affected by a number of factors, such as the timely update of the quality control system to address changing business needs and the Group's and its contractors' willingness and ability to adhere to its quality control policies and guidelines. There can be no assurance that the quality of the projects developed by the Group will not be undermined by the underperformance of the Group's contractors. Any failure or deterioration of the Group's quality control system could result in defects in its projects, which in turn may subject the Group to contractual, product liability and other claims. Any such claims, regardless of whether they are ultimately successful, could cause the Group to incur significant costs, harm its business reputation and result in significant disruption to its operations. If any of such claims were ultimately successful, the Group could be required to pay substantial monetary damages or penalties.

The insurance coverage of the Group may not adequately protect it against all operational risks.

The Group faces various operational risks in connection with its business, including but not limited to:

- production interruptions caused by operational errors, electricity outages, raw material shortages, the failure of equipment and other production risks;
- operating limitations imposed by environmental or other regulatory requirements;
- work-related personal injuries;
- on-site occupational accidents;
- credit risks relating to the performance of customers or other contractual third parties;
- disruption in the global capital markets and the economy in general;
- loss on investments;
- environmental or industrial accidents; and
- catastrophic events such as fires, earthquakes, explosions, floods or other natural disasters.

The Group maintains insurance policies that the Group believes to be consistent with applicable law and industry and business practice in the PRC. The level of coverage and types of insurance obtained by the management of each business differs depending on the characteristics of each business and the regulations of the jurisdictions in which it operates. There can be no assurance that claims under those insurance policies will be honoured fully or on time, or that the insurance coverage maintained by the Group will be sufficient to cover all the costs and liabilities the Group incurs. Certain types of risks are not insured in the PRC because they are either uninsurable or not economically insurable, such as risks from wars, acts of terrorism or acts of God, business interruption, property risks and third party (public) liability. To the extent that the Group suffers loss or damage that is not covered by insurance or that exceeds the limit of its insurance coverage, its business, financial condition, results of operations, prospects and cash flow may be materially and adversely affected.

In addition, renegotiation with insurance companies upon the expiration of insurance policies the Group maintains exposes it to the volatility of the insurance markets, including the possibility of rate increases. Any material increase in insurance premiums or decrease in available coverage in the future could adversely affect the Group's business, financial condition, results of operations and prospects.

Labour shortages and increases in labour costs could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

In recent years, work stoppages, employee suicide and other similar events in certain cities in the PRC have caused the PRC government to amend labour laws to enhance protection of employees' rights. Increasing awareness of labour protection as well as increasing minimum wages is likely to increase the labour costs afforded by PRC enterprises in general, including the Group or the contractors participating in the Group's projects. For the years ended 31 December 2019, 2020 and 2021, the Group's labour costs (including salaries, benefits and fund contributions) incurred were approximately RMB142.4 million, RMB118.2 million and RMB130.0 million, respectively. Any labour shortages or increases in labour costs of the Group or its third-party contractors in the future could cause an increase in the Group's business operation costs, an interruption of the Group's business operations, an extension of the construction progress or an increase in the Group's fees payable to the contractors, which could in turn materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's business may be adversely affected if it is unable to retain and hire qualified employees.

The success of the Group's business is dependent to a large extent on its ability to attract and retain key personnel who possess in-depth knowledge and understanding of the industries in which the Group operates. These key personnel include members of the Group's senior management and finance professionals, project development and management personnel, legal professionals, risk management personnel, information technology and other operation personnel. Competition for attracting and retaining these individuals is intensive and may cause the Group to offer higher compensation and other benefits in order to attract and retain qualified professionals, which could materially and adversely affect the Group's financial condition and results of operations. As a result, the Group may be unable to attract or retain personnel to achieve its business objectives and the failure to do so could severely disrupt its business and prospects. As the Group expands its business or hires new employees, the employees may take time to get accustomed to any new standard procedures and consequently may not comply with the standard procedures of any new business in an accurate and timely manner. The occurrence of any of the events discussed above could lead to unexpected loss to the Group and adversely affect its financial condition, results of operations and prospects.

The Group faces increasing competition from existing and new market participants in the industries in which it operates.

The Group competes with other infrastructure construction companies, particularly those in Zhengzhou or other regions of Henan. Competitors may have greater access to capital, technology, management and other resources than the Group does, and may be capable of providing a wider range of services. These competitors may also merge or form joint ventures with the other domestic or foreign competitors, which may intensify the competition the Group faces. As the Group expands into new geographical markets or introduces new products and services, the Group may be subject to competition from other market players.

Whether the Group will compete successfully depends on its ability to anticipate and respond to many competitive factors, including continuity of its relationships with governmental entities, customers, suppliers, partners and third party contractors, quality of products and services provided, corporate positioning and business reputation, change in customer preferences, funding and financing resources, introduction of new or improved technology, products or services in the related industries or markets. There can be no assurance that existing or potential competitors of the Group will not provide similar products or services with comparable or even better quality at the same or even lower prices, or be more adaptable to industry trends or market changes. If the Group fails to compete effectively or the competition with respect to the Group's products or services continues to increase, there would be an adverse effect on the Group's financial results and return on capital expenditures, which could cause a decline in the Group's growth rates and reduce the Group's revenue. The Group cannot predict the extent to which this competition will affect its future operating results.

The Group is exposed to litigation risks.

The Group may from time to time be involved in disputes with governmental entities, local residents subject to resettlement, suppliers, contractors, employees and other third party service providers during the course of its daily operations. See "*Description of the Group — Legal Proceedings*" for further information. Claims may be brought against members of the Group based on a number of causes such as defective or incomplete work, personal injuries, property damages, breach of warranty or delay in completion and delivery of projects. In addition, the Group may bring up claims against project contractors for additional costs incurred as a result of the contractors' underperformance or non-performance, project defects or default by the contractors. If the disputes or claims are not resolved or settled through negotiation or mediation, the Group may be involved in lengthy and costly litigation or arbitration proceedings, which may divert the Group's financial and managerial resources. In the event that the Group prevails in those legal proceedings, there can be no assurance that the judgement or awards will be effectively enforced. If a judgment or award is rendered against the Group, the amounts payable by the Group may not be fully covered by the Group's insurance. The actual amounts that need to be paid by the Group could differ from the provisions made by the Group. Any material charges associated with claims brought against the Group and material write downs associated with the Group's claims could have a material adverse impact on its financial condition, results of operations and cash flow.

The Group may not be able to detect fraud, money laundering, other misconduct or other illegal or improper activities by its employees, representatives, agents or other third parties in its business operations in a timely manner.

The Group may be exposed to fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties that could subject it to financial losses and sanctions imposed by governmental authorities, which in turn may negatively affect its reputation. Such misconduct could include:

- hiding unauthorised or unsuccessful activities, resulting in unknown and unmanaged risks or losses;
- intentionally concealing material facts, or failing to perform necessary due diligence procedures designed to identify potential risks, which are material to the Group in deciding whether to make investments or dispose of assets;
- improperly using or disclosing confidential information;
- recommending products, services or transactions that are not suitable for the Group's customers;
- misappropriation of funds;
- conducting transactions that exceed authorised limits;
- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities when marketing or selling products;
- engaging in unauthorised or excessive transactions to the detriment of the Group's customers;
- making or accepting bribery activities;
- conducting any inside dealing; or
- otherwise not complying with applicable laws or the Group's internal policies and procedures.

The Group is required to comply with applicable anti-money laundering laws and other regulations in the PRC and any other jurisdiction in which it operates or intends to operate. Any fraud, sales misrepresentation, money laundering and other misconduct committed by the Group's employees and agents and other external parties could result in violations of laws and regulations by the Group and subject it to regulatory sanctions. Even if such instances of misconduct do not result in any legal liabilities on the Group's part, they could cause serious reputational or financial harm to the Group.

Since 2006, the State Council and various PRC regulatory authorities have intensified their efforts to combat commercial bribery in the PRC. While the Group is implementing policies and procedures aimed at detecting and preventing employees' and external parties' fraud, sales misrepresentation, money laundering and other misconduct, such policies and procedures in some cases have only been recently adopted and may not completely eliminate instances in which it may be used by other parties to engage in money laundering and other illegal activities. In the event that the Group fails to detect or prevent fraud, sales misrepresentation, money laundering or other misconduct in a timely manner, the relevant government agencies may freeze its assets or impose fines or other penalties on it. Any of these events may materially and adversely affect the Group's business reputation, financial condition and results of operations.

Accidents in the Group's business operations may expose the Group to liability and harm its corporate image.

Some of the Group's operations, such as the provision of construction services, are exposed to inherent occupational hazards involving handling of heavy machinery and hazardous chemicals and exposure to other potential industrial accidents. Mishandling of heavy machinery and hazardous and industrial accidents could result in project delays, interruption of operations, personal injury or fatality, environmental damage, monetary losses and legal liability. Any of these accidents may have a material adverse impact on the Group's business and results of operations and, in certain cases, significantly damage the Group's corporate image.

Although the Group has established and implemented internal protocols and systems relating to occupational safety, there can be no assurance that those protocols and systems will be able to address all the potential risks effectively or that they will be strictly followed. As at the date of this Offering Circular, the Group did not experience any industrial accidents that caused severe personal injuries or fatality or material monetary losses to the Group. However, there can be no assurance that the Group will not in the future experience industrial accidents in the course of its business operations.

The Group is subject to joint venture risks.

Certain of the Group's operations are conducted through jointly controlled entities and associated companies. Co-operation and agreement among the Group's joint venture partners on its existing or any future projects are important factors for the smooth operation and financial success of such projects. The Group's joint venture partners may (i) have economic or business interests or goals that are inconsistent with those of the Group; (ii) be unable or unwilling to fulfil their obligations under the relevant joint venture or other agreements; or (iii) experience financial or other difficulties. Further, the Group may not be able to control the decision-making process of the joint ventures as, in some cases, it does not have majority control of the joint venture. The Group does, however, through contractual provisions or representatives appointed by it, typically have the ability to influence certain material decisions. Although the Group has not experienced any significant problems with its partners to-date, no assurance can be given that disputes among its partners will not arise in the future that could adversely affect such projects.

There are risks associated with any material acquisitions, investments, joint ventures by the Group in the future.

The Group may consider expanding its business by acquiring certain interests in other companies, entering into new strategic alliances and joint ventures and investing in or entering into new business opportunities. During the course of these transactions, the Group will conduct due diligence investigations with respect to the target companies, but the due diligence with respect to any acquisition, investment or joint venture opportunity may not reveal all relevant facts that are necessary or useful in evaluating such opportunity, which could subject the Group to unknown financial and legal risks and liabilities. When determining the price for these transactions, the Group needs to consider various factors, including the quality of the target business, estimated costs associated with the acquisitions, investments or joint ventures and the management of the target business, prevailing market conditions and intensity of competition. The Group needs to address different issues arising from these transactions after the relevant transaction is completed, such as business, operation and management integration. There can be no assurance that the Group will be able to address these issues effectively at all times. In addition, any major acquisition, investment, joint venture or transaction of similar nature may consume substantial management attention and financial resources of the Group or even cause the Group to incur significant indebtedness. Any material decrease in its financial resources may limit the Group's ordinary operating activities and increase pressure on its liquidity and, in turn, could adversely affect its business, financial condition and results of operations.

The Group's financial condition and results of operations may be affected by material fluctuations in interest rates.

In August 2019, PBOC adopted measures to increase the influence of the loan prime rate (the "**LPR**") as part of its broader market-based reforms of the PRC's interest rate market. The LPR serves as the benchmark for market interest rates in the PRC. The one-year LPR was 3.85 per cent. in December 2020 and remained at the same level in November 2021, with a decrease to 3.80 per cent. in December 2021 and a decrease to 3.75 per cent. in April 2022. Most of the Group's bank loans bear interests that accrue at rates linked to the LPR. A material fluctuation in the LPR may have a material impact on the Group's interest expenses and payables under its bank loans and in turn negatively affect its financing costs and results of operations. Any increase in the LPR in the future will increase the Group's financing costs and adversely affect its profitability, financial condition and results of operations.

As at the date of the Offering Circular, the Group has two series of U.S. dollar-denominated offshore notes outstanding, the total principal amount of which was U.S.$500 million, and these notes all bear fixed coupons linked to the yields of the U.S. government's treasury bonds with corresponding maturities. If the Group refinances such notes by way of issuing new U.S. dollar-denominated notes in the future, an increase in the U.S. Federal Reserve interest rate as a result of policy changes may cause the new notes to be priced at higher rates, which may increase the Group's financing costs. The Federal Reserve has raised its inflation expectation for 2021 to 2023, which is likely to lead to an increase in the cost of funds for banks and the prime lending rate. In May 2022, the Federal Reserve lifted its benchmark interest rate by half a percentage point, to a range of 0.75 per cent. to 1 per cent. after a smaller rise in March 2022 in a bid to curb rising inflation in the United States. There can be no assurance that the Federal Reserve interest rate would not be lifted in the future.

The Group relies on information technology systems for its business and any information technology system limitations or failures could adversely affect its business, financial condition, results of operations and prospects.

The Group's business depends on the integrity and performance of the business, accounting and other data processing systems at the holding company and at its subsidiaries. If the Group's systems may not be able to effectively address the issues arising from an increased business volume or may otherwise fail to perform, the Group could experience unanticipated disruptions in business, slower response times and limitations on its ability to monitor and manage data and risk exposures, control financial and operating conditions, and maintain accurate records. These consequences could result in operating outages, poor operating performance, financial losses, and, in some cases, intervention of regulatory authorities. There can be no assurance that the Group's systems would not experience future system failures and delays, or the measures taken by the Group to reduce the risk of system disruptions are adequate. If internet traffic and communication volume increase unexpectedly or other unanticipated events occur, the Group may need to expand and upgrade the Group's technology, systems and network infrastructure. There can be no assurance that the Group will be able to accurately project the rate, timing or cost of any increases, or expand and upgrade the Group's systems and infrastructure to accommodate any increases in a timely manner.

The Group engages in related party transactions from time to time, which may create potential conflicts of interest.

The Group has engaged in a variety of transactions with its related parties such as its associates. See note 7 to the Audited Financial Statements included elsewhere in this Offering Circular. Although the Group has taken steps to ensure such transactions are fair and based on market price with approval from relevant authorities, there can be no assurance that those transactions would be deemed as arm's length or its related parties will not take actions that favour their interests over the Group's. The internal control regarding the management of various related party transactions can also be challenging and demanding for the Group. Failure to adequately control and manage its related party transactions could have an adverse effect on the Group's business, financial condition or results of operations.

If the Group fails to maintain effective internal controls and sound corporate governance, its business, financial condition, results of operations and reputation could be materially and adversely affected.

The Group has implemented various measures to implement internal controls. However, due to the limits of these controls, there can be no assurance that all such measures will prove effective or that material deficiencies in the Group's internal controls will not be discovered in the future. For example, the Issuer is required by its articles of association to have a board of directors comprising three directors including one employee representative director elected at the employee representative meeting of the Issuer. The chairman of the board of directors is selected by Zhengzhou SASAC among the members of the board of directors. However, as at the date of this Offering Circular, the Issuer does not have a chairman of the board of directors and the appointment of the chairman of the board of directors is pending the decision by Zhengzhou SASAC.

The Group's efforts to improve its internal controls have required, and in the future may require, increased costs and significant management time and commitment. If the Group fails to maintain effective internal controls, its business, financial condition, results of operations or reputation could be materially and adversely affected.

RISKS RELATING TO THE PRC

China has experienced a slowdown in its economic development and the future performance of China's economy is uncertain.

Substantially all of the Group's revenue is derived from its operations in the PRC. The growth of infrastructure investment and construction demand in China depends heavily on China's economic growth, which has been slowing down in the past decade. There has been a slowdown in the growth of the PRC's GDP since the second half of 2013, which has raised market concerns that the historic rapid growth of the economy of the PRC may not be sustainable. In March 2016, Moody's Investors Service, Inc. ("**Moody's**") and S&P Global Ratings ("**S&P**") changed China's credit rating outlook to "negative" from "stable", which highlighted the country's surging debt burden and raised concerns over the government's ability to enact reforms. On 24 May 2017, Moody's downgraded China's long-term local currency and foreign currency issuer ratings to A1 from Aa3 and changed the outlook to stable from negative. On 21 September 2017, S&P's rating services downgraded China's credit rating by one notch from AA- to A+. The foregoing events highlight the country's surging debt burden and the government's ability to enact reforms. According to the National Statistics Bureau of the PRC, the annual growth rate of China's GDP slowed from 6.0 per cent. in 2019 to 2.2 per cent. in 2020 before rebounding to 8.1 per cent. in 2021. There can be no assurance that GDP growth rates will continue to recover in the future. On 29 June 2020, S&P affirmed China's credit rating at "A+" with a stable outlook, stating that China is likely to maintain above-average economic growth performance relative to other middle-income economies in the next few years. On 14 September 2020, Moody's affirmed China's long-term local currency and foreign currency issuer ratings at A1 with a stable outlook, citing the strength of the country's institutions and governance in mitigating credit risks. At the fifth session of the 13th National People's Congress in March 2022, the PRC government announced a target GDP growth rate of 5.5 per cent. for 2022. However, China's growth is likely to come under the pressure of uncertainties over the COVID-19 pandemic, U.S.-China tensions, geopolitical developments such as the ongoing conflict between Russia and Ukraine, and ongoing efforts by the PRC government to restructure the economy and reduce financial risks.

In addition to the economic and monetary policies of the PRC government, the future performance of the PRC economy is also exposed to material changes in the global economic and political environment, such as the ongoing conflict between Russia and Ukraine that began in February 2022, as well as the performance of certain major developed economies in the world, such as the United States, the United Kingdom and the European Union:

- on 23 June 2016, the United Kingdom voted in a national referendum to leave the European Union, notified the European Council of its intention to leave the European Union in accordance with Article 50(2) of the Treaty on European Union on 29 March 2017, and officially left the European Union on 31 January 2020 ("**Brexit**"). With Brexit taking full effect after 31 December 2020, economic relations between the United Kingdom and the remaining members of the European Union will continue to evolve, and it is unclear how Brexit would ultimately affect the fiscal, monetary and regulatory landscape within the United Kingdom, the European Union and the rest of the world.

- the Russo-Ukrainian conflict has led to significant volatility in the global markets. The extent and duration of such conflict, resulting sanctions and future market disruptions are impossible to predict, but could be significant and may have a material adverse effect on the region, including a significant negative impact on the economy and the markets for certain securities and commodities, such as oil and natural gas, as well as certain foods including grain, and on global economies.

- the aggravation of U.S.-China trade friction, trade protectionism and the slowdown in global economic growth have also caused volatility in the global financial market. Since the second half of 2018, China and the United States have imposed tariffs on certain products imported from the other country. The two countries entered into the phase one U.S.-China trade agreement on 15 January 2020. The resulting trade policies or the terms of any renegotiated trade agreements and their impact is uncertain. It remains to be seen whether the phase one U.S.-China trade agreement will be abided by both governments and successfully reduce trade tensions. The escalating U.S.-China trade war and the U.S. global trade policy against the PRC, including tightening regulatory restrictions, industry-specific quotas, tariffs, non-tariff barriers and taxes may have an adverse effect on the PRC economy. The adoption and expansion of trade restrictions, the occurrence of a trade war, or other governmental action related to tariffs or trade agreements or policies has the potential to adversely impact the economy of the PRC, which in turn could adversely impact the economy of Zhengzhou, as well as the Group's business, financial condition and results of operations.

Uncertainties in the global and PRC economy and a reduction in liquidity in the global and PRC financial markets may negatively affect the Group's access to financing resources to support its business plans and expansion. Any instability in the global economy and China's economic growth may materially and adversely affect the Group's business, financial condition and results of operations.

Changes in the economic, political and social conditions in the PRC and government policies adopted by the PRC government could affect the Group's business, financial condition, results of operations and prospects.

The economy of the PRC differs from the economies of most developed countries in many respects, including with respect to government involvement, level of development, economic growth rate, control of foreign exchange and allocation of resources. The economy of the PRC has been transitioning from a planned economy to a more market-oriented economy. In recent years, the PRC government has implemented a series of measures emphasising market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises.

However, the PRC government continues to play a significant role in regulating the development of industries in the PRC by imposing top-down policies. A large portion of productive assets in the PRC remain owned by the PRC government. The PRC government continues to play a significant role in regulating industrial development, the allocation of resources, production, pricing and management, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. There can be no assurance that future changes in the PRC's political, economic and social conditions, laws, regulations and policies will not have a material adverse effect on the Group's current or future business and financial condition. In addition, there can be no assurance that the PRC government will continue to pursue economic reforms or that any such reforms, even if they are beneficial to the country as a whole, will not have an adverse effect on the Group's business.

The Group's operations and financial results could be affected by changes in political, economic and social conditions or the relevant policies of the PRC government, such as changes in laws and regulations (or the interpretation thereof). In addition, the demand for infrastructure construction in the PRC depends heavily on economic growth. If the PRC's economic growth slows down or if the economy of the PRC experiences a recession, the demand for Chinese infrastructure construction may also slow down, and the Group's business prospects may be materially and adversely affected. The Group's operations and financial results, as well as its ability to satisfy its obligations under the Notes, could also be materially and adversely affected by changes to or introduction of measures to control changes in the rate or method of taxation and the imposition of additional restrictions on currency conversion.

The operations of the Group may be affected by inflation and deflation within the PRC.

Economic growth in the PRC has historically been accompanied by periods of high inflation. Increasing inflation rates were caused by many factors beyond the Group's control, such as rising production and labour costs, high lending levels, changes in national and foreign governmental policies and regulations as well as movements in exchange rates and interest rates. It is impossible to accurately predict future inflationary trends. If inflation rates rise beyond the Group's expectations, the Group may be unable to increase the price of its services and products in amounts that are sufficient to cover its increasing operating costs. Further inflationary pressures within the PRC may have a material adverse effect on the Group's business, financial condition or results of operations.

Recently, concerns have arisen over deflationary pressures in the PRC as a result of weak domestic demand and a slowing economy. Inflation rates within the PRC have been on a downward trend in recent years. A prolonged period of deflation may result in falling profits, closure of plants and shrinking employment and incomes by companies and individuals, any of which could adversely affect the Group's business, financial condition or results of operations.

Uncertainty with respect to the PRC legal system could affect the Group.

As substantially all of the Group's businesses are conducted, and substantially all of the Group's assets are located, in the PRC, the Group's operations are governed principally by PRC laws and regulations. The PRC legal system is based on written statutes while prior court decisions can only be cited as reference. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. However, China has not developed a fully integrated legal system and recently enacted laws and regulations that may not sufficiently cover all aspects of economic activities in the PRC. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. As a result, the Group may not be aware of the Group's violation of these policies and rules until sometime after the violation. In addition, any litigation in the PRC may be protracted and result in substantial costs and diversion of resources and management's attention and it may be difficult to obtain a swift and equitable enforcement of laws in the PRC, or the enforcement of judgements by a court of another jurisdiction. These uncertainties relating to the interpretation and implementation of PRC laws and regulations may adversely affect the legal protections and remedies that are available to the Group in its operations and to the holders of the Notes.

Investors may experience difficulties in effecting service of legal process and enforcing judgments against the Group and the Group's management.

The Issuer and its subsidiaries are incorporated in the PRC and their respective assets are located in the PRC. In addition, most of the Issuer's directors, supervisors and executive officers reside within the PRC. As a result, it may not be possible to effect service of process outside the PRC upon most of the Group's directors, supervisors and senior management, including for matters arising under applicable securities law. A judgment of a court of another jurisdiction may be reciprocally recognised or enforced if the jurisdiction has a treaty with China or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of other requirements. However, China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with many countries, including Japan, the United States and the United Kingdom. Therefore, it may be difficult for potential investors to enforce any judgments obtained from foreign courts against the Group, the Issuer, any of their respective directors, supervisors or senior management in the PRC.

The Group is subject to restrictions on the remittance of Renminbi into and out of the PRC and governmental controls on currency conversion, and may be affected by the risks relating to fluctuations in exchange rates in the future.

The value of Renminbi, the reporting currency of the Group, against U.S. dollar and other foreign currencies is subject to changes in the PRC's policies, as well as international economic and political developments. On 21 July 2005, the PRC government adopted a more flexible managed floating exchange rate system to allow the value of Renminbi to fluctuate within a regulated band that is based on market supply and demand with reference to a basket of currencies. From 21 July 2005 to 17 March 2014, the floating band of interbank spot foreign exchange market trading price of Renminbi against U.S. dollar was gradually widened from 0.3 per cent. to 2 per cent. On 11 August 2015, PBOC adjusted the mechanism for market makers to form the central parity rate by requiring them to consider the closing exchange rate of the last trading date, the supply and demand of foreign exchange and the rate change at primary international currencies. On 11 December 2015, the China Foreign Exchange Trade System, a sub-institutional organisation of PBOC, published the China Foreign Exchange Trade System (CFETS) Renminbi exchange rate index for the first time which weighs Renminbi based on 13 currencies, to guide the market in order to measure the Renminbi exchange rate from a new perspective. Although starting from 1 October 2016, Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund, there can be no assurance that the PRC government will continue to gradually liberalise the control over cross-border Renminbi remittances in the future, that any pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting the remittance of Renminbi into or outside the PRC.

In addition, the value of Renminbi has depreciated significantly against U.S. dollar since the end of 2015 and there can be no assurance that Renminbi will not experience significant depreciation or appreciation against U.S. dollar or against any other currency in the future. The exchange rate between Renminbi and U.S. dollar experienced further fluctuation between 1 January 2016 and the date of this Offering Circular. On 5 August 2019, PBOC set the Renminbi's daily reference rate above RMB per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. There remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in further and more significant appreciation of Renminbi against U.S. dollar. If further reforms are implemented and result in devaluation of Renminbi against U.S. dollar, the Group's business, financial condition, results of operations and prospects could be adversely affected because of the Group's U.S. dollar denominated indebtedness and other obligations. Such devaluation could also adversely affect the value, translated or converted into U.S. dollars or otherwise, of the Group's earnings and ability of the Issuer to satisfy its obligations under the Notes.

The payment of dividends by the Issuer's operating subsidiaries in the PRC is subject to restrictions under PRC laws.

The PRC laws require that dividends be paid only out of net profit, calculated according to the PRC accounting principles, which differ from generally accepted accounting principles in other jurisdictions. In addition, the PRC law requires enterprises to set aside part of their net profit as statutory reserves before distributing the net profit for the current financial year. These statutory reserves are not available for distribution as cash dividends. Since the availability of funds to fund the Issuer's operations and to service its indebtedness depends upon dividends received from these subsidiaries, any legal restrictions on the availability and usage of dividend payments from the Issuer's subsidiaries may impact the Issuer's ability to fund its operations and to service its indebtedness.

The implementation of PRC employment regulations may increase labour costs in the PRC generally.

The PRC Labour Contract Law imposes strict requirements on employers in relation to entry into fixed-term employment contracts and dismissal of employees. Pursuant to the PRC Labour Contract Law, the employer is required to make compensation payment to a fixed-term contract employee when the term of their employment contract expires, unless the employee does not agree to renew the contract even though the conditions offered by the employer for renewal are the same as or better than those stipulated in the current employment contract. In general, the amount of compensation payment is equal to the monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer. A minimum wage requirement has also been incorporated into the PRC Labour Contract Law. In addition, unless otherwise prohibited by the PRC Labour Contract Law or objected to by the employees themselves, the employer is also required to enter into non-fixed-term employment contracts with employees who have previously entered into fixed-term employment contracts for two consecutive terms.

In addition, under the Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to paid annual leave ranging from 5 to 15 days, depending on the length of the employees' work time. Employees who consent to waive such vacation at the request of employers shall be compensated an amount equal to three times their normal daily salaries for each vacation day being waived. Under the National Leisure and Tourism Outline 2013-2020 (國民旅遊休閑綱要2013-2020) which became effective on 2 February 2013, all workers must receive paid annual leave by 2020. As a result of the PRC Labour Contract Law, the Regulations on Paid Annual Leave for Employees and the National Leisure and Tourism Outline 2013-2020, the Group's labour costs (inclusive of those incurred by contractors) may increase. Further, under the PRC Labour Contract Law, when an employer terminates its PRC employees' employment, the employer may be required to compensate them for such amount which is determined based on their length of service with the employer, and the employer may not be able to efficiently terminate non-fixed-term employment contracts under the PRC Labour Contract Law without cause. In the event the Group decides to significantly change or decrease its workforce, the PRC Labour Contract Law could adversely affect its ability to effect these changes in a cost-effective manner or in the manner that the Group desires, which could result in an adverse impact on the Group's business, financial condition and results of operations.

Further, in the event that there is a labour shortage or a significant increase to labour costs, the Group's business operation costs is likely to increase. In such circumstances, the profit margin may decrease and the financial results may be adversely affected. In addition, inflation in the PRC has increased in recent years. Inflation in the PRC increases the costs of raw materials required by the Group for conducting its business and the costs of labour as well. Rising labour costs may increase the Group's operating costs and partially erode the cost advantage of the Group's operations and therefore negatively impact the Group's profitability.

RISKS RELATING TO THE NOTES

The PRC government has no obligations under the Notes.

The PRC government (including Zhengzhou SASAC) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Notes in lieu of the Issuer. This position has been reinforced by the MOF Circular 23 and the Joint Circular 706. On 6 June 2019, the NDRC further issued the Circular 666 which became effective on the same day, aiming to strengthen the management of local government debt and prevent the risks of medium and long-term foreign debts and hidden debt of the local government. Pursuant to Circular 666, local state-owned enterprises shall assume the responsibility of repaying foreign debts as independent legal persons, while local governments and departments thereof shall not directly repay or undertake to repay the foreign debts of local state-owned enterprises with fiscal funds, nor shall they provide guarantees or the issuance of foreign debts by local state-owned enterprises.

The PRC government (including Zhengzhou SASAC) as the ultimate shareholder of the Issuer only has limited liability in the form of its equity contribution in the Issuer. As such, the PRC government (including Zhengzhou SASAC) does not have any payment obligations under the Notes or the Trust Deed. Investments in the Notes are relying solely on the credit risk of the Issuer. In the event the Issuer does not fulfil its obligations under the Notes, investors will only be able to claim as an unsecured creditor against the Issuer and its assets, and not any other person including the PRC government (including Zhengzhou SASAC), any other local or municipal government authorities and/or any other member of the Group. In addition, any ownership or control by PRC government (including Zhengzhou SASAC) does not necessarily correlate to, or provide any assurance as to, the Issuer's financial condition. If the Issuer does not fulfil its obligations under the Notes and the Trust Deed, the Noteholders will only have recourse against the Issuer, and not PRC government (including Zhengzhou SASAC). As the MOF Circular 23, the Joint Circular 706 and Circular 666 are relatively new and given the limited volume of published decisions related to these circulars, the interpretation and enforcement of these laws and regulations involve uncertainties and any adverse interpretation and enforcement of such laws and regulations in the future may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Notes are unsecured obligations.

As the Notes are unsecured obligations of the Issuer, the repayment of the Notes may be compromised if:

- the Issuer enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;

- there is a default in payment under the Issuer's secured indebtedness or other unsecured indebtedness; or

- there is an acceleration of any of the Issuer's indebtedness.

If any of these events were to occur, the Issuer's assets and any amounts received from the sale of such assets may not be sufficient to pay amounts due on the Notes.

The Notes may not be a suitable investment for all investors.

The Notes are complex financial instruments and may be purchased as a way to reduce risk or enhance yield with a measured appropriate addition of risk to the investor's overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;

- have the ability to understand and evaluate all information and materials with respect to the Issuer and the Group, including those in the Chinese language;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible economic scenarios, such as interest rate and other factors which may affect its investment and the ability to bear the applicable risks.

A potential investor should not invest in the Notes, which are complex financial instruments, unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes may perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio. In addition, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Notes are legal investments for it, (b) the Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

An active trading market for the Notes may not develop.

The Notes are a new issue of securities for which there is currently no trading market. Although applications will be made to the HKSE and the MOX for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors and (in the case of debt issues to persons in Macau) MOX Professional Investors only, no assurance can be given that such application will be approved, or even if the Notes become so listed, an active trading market for the Notes will develop or be sustained. No assurance can be given as to the ability of holders to sell their Notes or the price at which holders will be able to sell their Notes or that a liquid market will develop. The liquidity of the Notes will be adversely affected if the Notes are held or allocated to a limited number of investors. Accordingly, there can be no assurance as to the liquidity of the Notes or that an active trading market will develop. If such a market were to develop, the Notes could trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Group's operations and the market for similar securities. If the Notes are traded at a discount, investors may not be able to receive a favourable price for their Notes, and in some circumstances investors may not be able to sell their Notes at all or at their fair market value. In addition, the market for investment grade and crossover grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Notes. None of the Joint Lead Managers is obligated to make a market in the Notes, and if the Joint Lead Managers do so, they may discontinue such market making activity at any time at their sole discretion. In addition, the Notes are being offered pursuant to exemptions from registration under the Securities Act and, as a result, holders will only be able to resell their Notes in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

The liquidity and price of the Notes following the offering may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in the Group's turnover, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, changes in government regulations and changes in general economic conditions nationally or internationally could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the trading volume and price of the Notes. There can be no assurance that these developments will not occur in the future.

Certain initial investors may purchase a significant portion of the Notes and may therefore be able to exercise certain rights and powers on their own.

Certain initial investors may purchase a significant portion of the aggregate principal amount of the Notes in this offering. Any holder of a majority of the aggregate principal amount of the Notes will be able to exercise certain rights and powers on its own under the Terms and Conditions of the Notes and the Trust Deed, which will be binding on other holders of the Notes and control the outcome of votes on such matters. Any holder of a significant percentage of the Notes, even if less than a majority, will be able to exercise certain rights and powers and will have significant influence on matters voted on by Noteholders.

Developments in other markets may adversely affect the market price of the Notes.

The market price of the Notes may be materially and adversely affected by declines in the international financial markets and world economic conditions. The market for Chinese securities is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including China. Since the sub-prime mortgage crisis in 2008, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Notes could be materially and adversely affected.

For example, the trade dispute between the PRC and the United States may have a material and adverse effect on the global and PRC economies resulting in continuing uncertainty for the overall prospects for the global and PRC economies. In January 2020, the PRC and the United States signed a phase one trade deal, which includes, among others, commitments by the PRC to increase purchases of goods and services from the United States. However, the Issuer cannot predict as to the implementation or effect of the phase one trade deal between the PRC and the United States. It remains uncertain whether or not the PRC and the United States would be able to reach any further trade agreement or otherwise resolve their remaining trade issues in the near future or at all. Other global events such as the outbreak of the COVID-19 since 2020 and the recent armed conflict between Russia and Ukraine also cause substantial uncertainty in the international financial markets, including but not limited to further decreases in global stock exchange indices and increased foreign exchange volatility. The adoption and expansion of trade restrictions, the occurrence and escalation of a trade war, or other governmental action related to tariffs or trade agreements or policies, have the potential to materially and adversely impact the PRC economy and the international financial markets, which could in turn materially and adversely affect the market price of the Notes.

As a result of the above, the global economy is facing significant uncertainties and the global financial markets are experiencing significant volatilities which may adversely affect the market price of the Notes. Investors must exercise caution before making any investment decisions.

Investment in the Notes is subject to exchange rate risks.

The Notes are denominated and payable in U.S. dollars. Investment in the Notes is subject to exchange rate risks. The value of the U.S. dollar against the Renminbi and other foreign currencies fluctuates and is affected by changes in the United States and international political and economic conditions and by many other factors. The Issuer will make all payments of interest and principal with respect to the Notes in U.S. dollar. As a result, the value of these U.S. dollar payments may vary with the prevailing exchange rates in the marketplace. If the value of the U.S. dollar depreciates against the Renminbi or other foreign currencies, the value of a Noteholder's investment in Renminbi or other applicable foreign currency terms will decline.

The Issuer will follow the applicable corporate disclosure standards for debt securities listed on the HKSE and MOX, which standards may be different from those applicable to companies in certain other countries.

Issuer will be subject to reporting obligations in respect of the Notes to be listed on the HKSE and MOX. The disclosure standards imposed by the HKSE and MOX may be different than those imposed by securities exchanges in other countries or regions. As a result, the level of information that is available may not correspond to what Noteholders are accustomed to.

Changes in interest rates may have an adverse effect on the price of the Notes.

The Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the prices of the Notes, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the prices of the Notes may rise. The Noteholders may enjoy a capital gain, but interest payments received may be reinvested at lower prevailing interest rates. As the Notes will carry a fixed interest rate, the trading price of the Notes will consequently vary with the fluctuations in interest rates. If the Noteholders propose to sell their Notes before their maturity, they may receive an offer lower than the amount they have invested.

Notes which have a denomination that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

The denominations of the Notes are U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. Therefore, it is possible that the Notes may be traded in amounts in excess of U.S.$200,000 that are not integral multiples of U.S.$200,000. In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than U.S.$200,000 will not receive a definitive certificate in respect of such holding of Notes (should definitive certificates be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more denominations. If definitive certificates are issued, Noteholders should be aware that Notes with aggregate principal amounts that are not an integral multiple of U.S.$200,000 may be illiquid and difficult to trade.

The Issuer may be unable to redeem the Notes.

On certain dates, including but not limited to the occurrence of a Change of Control or a Non-Registration Event and at maturity of the Notes, the Issuer may, and at maturity will, be required to redeem all of the Notes. If such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Notes in time, or on acceptable terms, or at all. The ability to redeem the Notes in such event may also be limited by the terms of other debt instruments. Failure to redeem the Notes by the Issuer, in such circumstances, would constitute an Event of Default under the Notes, which may also constitute a default under the terms of other indebtedness of the Issuer or its subsidiaries.

Any failure to complete the relevant filing under the NDRC Circular and the relevant filings with SAFE within the prescribed timeframe following the issue of the Notes may have adverse consequences for the Issuer and/or investors of the Notes.

The NDRC issued the NDRC Circular on 14 September 2015, which came into effect on the same day. According to the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issued outside the PRC with the NDRC prior to the issue of the securities and notify the particulars of the relevant issues within ten working days after the completion of the issue of the securities. The NDRC Circular is silent on the legal consequences of noncompliance with the pre-issue registration requirement. The Issuer has obtained the NDRC pre-issuance registration on 8 March 2022. Similarly, the legal consequences of non-compliance with the post issue notification requirement under the NDRC Circular are unclear. In the worst-case scenario, such non-compliance with the post-issue notification requirement under the NDRC Circular may result in it being unlawful for the Issuer to perform or comply with any of its obligations under the Notes. The Issuer undertakes to file or cause to be filed with the NDRC the requisite information and documents within 10 PRC Business Days after the Issue Date in accordance with the NDRC Circular.

SAFE issued the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) (the "**Foreign Debt Registration Measures**") on 28 April 2013, which came into effect on 13 May 2013. According to the Foreign Debt Registration Measures, the debtor shall submit foreign debt registration when borrowing foreign debts in accordance with laws and regulations. For the domestic debtors besides financial institutions and banks ("**Non-Bank Debtors**"), they shall submit filing or registration procedures of foreign debts with the local counterparts of the SAFE. According to the Operation Guidelines for Administration of Foreign Debt Registration (外債登記管理操作指引) promulgated together with Foreign Debt Registration Measures, Non-Bank Debtors shall complete foreign debt registration procedure within 15 working days after execution of related deeds of foreign debts. In addition, the PBOC issued the Circular on Relevant matters about the Macro-Prudential Management of Cross-Border Financing in Full Aperture (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) and which came into effect on 12 January 2017. SAFE issued the Guidelines for the Foreign Exchange Operations on Capital Projects (2020 edition) (國家外匯管理局綜合司關於印發《資本項目外匯業務指引(2020年版)》的通知). The Issuer understands from consultation with local SAFE that the aforementioned circular and guidelines will be applicable to the issue of the Notes. Pursuant to article 40 of the Foreign Debt Administration Provisional Rules (外債管理暫行辦法) promulgated by the MOF, the NDRC and SAFE, a failure by a domestic entity to register a foreign debt contract will render the contract not legally binding and unenforceable. Thus, before such registration of the Notes is completed, it is uncertain whether the Notes are enforceable as a matter of PRC law and it may be difficult for Noteholders to recover amounts due from the Issuer, and the Issuer may not be able to remit the proceeds of the issue of the Notes into the PRC or remit money out of the PRC in order to meet its payment obligations under the Notes. In the unlikely event that the Issuer is unable to complete such registration within the relevant time period, Noteholders will have the right to require the Issue to redeem their holding of Notes. However, notwithstanding such right, if the Issuer fails to complete the registration with the local branch of SAFE, the Issuer may have difficulty in remitting funds offshore to service payments in respect of the Notes and investors may encounter difficulties in enforcing judgments obtained in the Hong Kong courts with respect to the Notes and the Trust Deed in the PRC. In such circumstances, the value and secondary market price of the Notes may be materially and adversely affected.

The Notes will be structurally subordinated to the existing and future indebtedness and other liabilities of the Issuer's existing and future subsidiaries and effectively subordinated to the Issuer's secured debt to the extent of the value of the collateral securing such indebtedness.

The Notes will be structurally subordinated to any debt and other liabilities and commitments, including trade payables and lease obligations, of the Issuer's existing and future subsidiaries whether or not secured. The Notes will not be guaranteed by any of the Issuer's subsidiaries, and the Issuer may not have direct access to the assets of such subsidiaries unless these assets are transferred by dividend or otherwise to the Issuer. The ability of such subsidiaries to pay dividends or otherwise transfer assets to the Issuer is subject to various restrictions under applicable laws. The Issuer's subsidiaries are separate legal entities that have no obligation to pay any amounts due under the Notes or make any funds available therefore, whether by dividends, loans or other payments. The Issuer's right to receive assets of any of the Issuer's subsidiaries, respectively, upon that subsidiary's liquidation or reorganisation will be effectively subordinated to the claim of that subsidiary's creditors (except to the extent that the Issuer is creditor of that subsidiary). Consequently, the Notes will be effectively subordinated to all liabilities, including trade payables and lease obligations, of any of the Issuer's subsidiaries, and any subsidiaries that the Issuer may in the future acquire or establish.

The Notes are the Issuer's unsecured obligations and will (i) rank equally in right of payment with all the Issuer's other present and future unsecured indebtedness; (ii) be effectively subordinated to all of the Issuer's present and future secured indebtedness to the extent of the value of the collateral securing such obligations; and (iii) be senior to all of the Issuer's present and future subordinated obligations. As a result, claims of secured lenders, whether senior or junior, with respect to assets securing their loans will be prior with respect to those assets. In the event of the Issuer's bankruptcy, insolvency, liquidation, reorganisation, dissolution or other winding up, or upon any acceleration of the Notes, these assets will be available to pay obligations on the Notes only after all other debt secured by these assets has been repaid in full. Any remaining assets will be available to the Noteholders rateably with all of the Issuer's other unsecured creditors, including trade creditors. If there are not sufficient assets remaining to pay all these creditors, then all or a portion of the Notes then outstanding would remain unpaid.

The insolvency laws of the PRC and other local insolvency laws may differ from those of another jurisdiction with which the holders of the Notes are familiar.

Since the Issuer is incorporated under the laws of the PRC, any insolvency proceedings relating to the Issuer even if brought in other jurisdictions, would likely involve the PRC insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Notes are familiar.

The Issuer's subsidiaries, jointly controlled entities and associated companies may be subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to the Issuer, its jointly controlled entities and associated companies.

As a holding company, the Issuer will depend on the receipt of dividends and the interest and principal payments on intercompany loans or advances from its subsidiaries, jointly controlled entities and associated companies to satisfy its obligations under the Notes. The ability of the Issuer's subsidiaries, jointly controlled entities and associated companies to pay dividends and make payments on intercompany loans or advances to their shareholders is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of these companies, applicable laws and restrictions contained in the debt instruments of such companies. There can be no assurance that the Issuer's subsidiaries, jointly controlled entities and associated companies will have distributable earnings or will be permitted to distribute their distributable earnings to the Issuer as it anticipates, or at all. In addition, dividends payable to the Issuer by these companies are limited by the percentage of its equity ownership in these companies. Some portfolio companies may conclude that it is in the best interest of their shareholders to retain earnings, if any, for use in the operation and expansion of their businesses. The shareholders or the board of directors of a portfolio company (as the case may be) have the power to determine whether to pay dividends based on conditions then existing, including the company's earnings, financial condition and capital requirements, as well as economic and other conditions the shareholders or the board may deem relevant. In particular, the Issuer does not maintain complete control over its jointly controlled entities or associates in which it might hold a minority interest. Further, if any of these companies raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such shares would not be available to the

Issuer to make payments under the Notes. These factors could reduce the payments that the Issuer receives from its subsidiaries, jointly controlled entities and associated companies, which would restrict its ability to meet its payment obligations under the Notes.

If the Issuer is unable to comply with the restrictions and covenants in its debt agreements (if any), there could be a default under the terms of these agreements, which could cause repayment of its debt to be accelerated.

If the Issuer is unable to comply with its current or future debt obligations and other agreements (if any), there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Issuer, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. Furthermore, some debt agreements of the Issuer may contain cross-acceleration or cross-default provisions. As a result, default under one debt agreement of the Issuer may cause the acceleration of repayment of not only such debt but also other debt, including the Notes, or result in a default under other debt agreements of the Issuer. If any of these events occur, the Issuer cannot assure holders that its assets and cash flows would be sufficient to repay in full all of its indebtedness, or that they would be able to find alternative financing. Even if they could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to them.

A change in English law which governs the Notes may adversely affect holders of the Notes.

The Terms and Conditions of the Notes and other transaction documents in relation to the Notes are governed by English law. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the Notes.

Additional procedures may be required to be taken to bring English law governed matters or disputes to the Hong Kong courts and the holders of the Notes would need to be subject to the exclusive jurisdiction of the Hong Kong courts. There is also no assurance that the PRC courts will recognise and enforce judgments of the Hong Kong courts in respect of English law governed matters or disputes.

The Terms and Conditions of the Notes and other transaction documents in relation to the Notes are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken. Under the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決

的安排(法釋[2008]9號)), judgments of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of Hong Kong courts.

However, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC or meets other circumstances specified by the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts in respect of a dispute governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the holders of the Notes will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the holder's ability to initiate a claim outside of Hong Kong will be limited.

The Trustee may request holders of the Notes to provide an indemnity and/or security and/or pre-funding to its satisfaction.

Where the Trustee is under the provisions of the Trust Deed bound to act at the request or direction of the Noteholders, the Trustee shall nevertheless not be so bound unless first indemnified and/or provided with security and/or pre-funded to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or pre-funding, in breach of the terms of the Trust Deed or the Terms and Conditions of the Notes and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the holders of the Notes to take such actions directly.

Modifications and waivers may be made in respect of the Terms and Conditions of the Notes and the Trust Deed by the Trustee or less than all of the holders of the Notes, and decisions may be made on behalf of all holders of the Notes that may be adverse to the interests of the individual holders of the Notes.

The Terms and Conditions of the Notes contain provisions for calling meetings of the holders of the Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including those Noteholders who did not attend and vote at the relevant meeting and those Noteholders who voted in a manner contrary to the majority. There is a risk that the decision of the majority of holders of the Notes may be adverse to the interests of the individual holders of the Notes. The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of the holders of the Notes, agree to any modification of the Terms and Conditions of the Notes or the Trust Deed (other than in respect of a reserved matter) which in the opinion of the Trustee will not be materially prejudicial to the interests of the holders of the Notes and to any modification of the Notes or the Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may, without the consent of the holders of the Notes, authorise or waive any proposed breach or breach of the Notes or Trust Deed (other than a proposed breach or breach relating to the subject of certain reserved matters) if, in the opinion of the Trustee, the interests of the holders of the Notes will not be materially prejudiced thereby.

The Notes will initially be represented by a Global Note Certificate and holders of a beneficial interest in the Global Note Certificate must rely on the procedures of the relevant Clearing System.

The Notes will initially be represented by a Global Note Certificate. Such Global Note Certificate will be deposited with a common depositary for Euroclear and Clearstream (each a "**Clearing System**"). Except in the circumstances described in the Global Note Certificate, investors will not be entitled to receive definitive Notes. The relevant Clearing System will maintain records of the beneficial interests in the Global Note Certificate. While the Notes are represented by the Global Note Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Notes are represented by the Global Note Certificate, the Issuer will discharge its payment obligations under the Notes by making payments to Euroclear and Clearstream for distribution to their account holders. A holder of a beneficial interest in a Global Note Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Note Certificate.

Holders of beneficial interests in a Global Note Certificate will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies. Similarly, holders of beneficial interests in a Global Note Certificate will not have a direct right under such Global Note Certificate to take enforcement action against the Issuer in the event of a default under the Notes but will have to rely upon their rights under the Trust Deed.

Gains on the transfer of the Notes and interest payable by the Issuer to overseas Noteholders may be subject to tax under PRC tax laws.

Under the Enterprise Income Tax Law of the PRC ("**EIT Law**") which took effect on 1 January 2008 and revised on 24 February 2017 and 29 December 2018 with its implementation rules, any gains realised on the transfer of the Notes by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a "**non-resident enterprise**" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Notes by non-resident enterprise Noteholders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, there is uncertainty as to whether gains realised on the transfer of the Notes by individual Noteholders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Notes minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) (the "**Arrangement**") which was promulgated on 21 August 2006, Noteholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Notes, if such capital gains are not connected with an office or establishment that the Noteholders have in the PRC and all the other relevant conditions are satisfied.

Pursuant to the EIT Law, the PRC Individual Income Tax Law (the "**IIT Law**") which took effect on 1 January 2019, and the implementation regulations in relation to both the EIT Law and IIT Law, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to PRC-source income derived by non-resident enterprises or individuals respectively, subject to adjustment by applicable treaty. As the Issuer is a PRC resident enterprise for tax purposes, interest paid to non-resident Noteholders would be regarded as PRC-sourced, and therefore be subject to PRC income tax at a rate of 10 per cent. for non-resident enterprise Noteholders and at a rate of 20 per cent. for non-resident individual Noteholders (or a lower treaty rate, if any).

On 23 March 2016, the MOF and the SAT issued the Circular of Full Implementation of Business Tax to Value Added Tax Reform (財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知) ("**Circular 36**") which introduced a new value-added tax ("**VAT**") from 1 May 2016. VAT is applicable where the entities or individuals provide services within the PRC. Based on the definition of "loans" under Circular 36, the issuance of the Notes is likely to be treated as the holders of the Notes providing loans to the Issuer, which thus shall be regarded as financial services subject to VAT. Further, given that the Issuer is located in the PRC, the holders of the Notes would be regarded as providing the financial services within China and consequently, the holders of the Notes shall be subject to VAT at the rate of 6 per cent. And certain surcharges on payments of interest and certain other amounts on the Notes paid by the Issuer to Noteholders that are non-resident enterprises or individuals.

VAT is unlikely to be applicable to any transfer of Notes between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Notes, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Notes is located inside the PRC. As Circular 36 together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

If a Noteholder, being a non-resident enterprise or non-resident individual, is required to pay any PRC income tax on gains on the transfer of the Notes, the value of the relevant Noteholder's investment in the Notes may be materially and adversely affected.

The Notes are redeemable in the event of certain withholding taxes being applicable.

The Issuer may redeem the Notes at its option, in whole but not in part, at a redemption price equal to their principal amount, together with interest accrued up to, but excluding, the date fixed for redemption if, subject to certain conditions, as a result of a change in tax law, the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions of the Notes), as further described in Condition 5(b) (*Redemption for tax reasons*) of the Terms and Condition of the Notes. There can be no assurance as to whether or not payments on the Notes may be made without withholding taxes or deductions applying from the Issue Date on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC or any subdivision or authority therein or thereof having power to tax. Although pursuant to the Terms and Conditions of the Notes, the Issuer is required to gross up payments on account of any such withholding taxes or deductions (whether by way of enterprise income tax ("**EIT**"), business tax, VAT or otherwise), the Issuer also has the right to redeem the Notes at any time in the event (i) it has or will become obliged to pay Additional Tax Amounts as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 9 January 2020, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

On 23 March 2016, the MOF and the SAT issued Circular 36 which introduces VAT from 1 May 2016. VAT is applicable where the entities or individuals provide services within the PRC. However, Circular 36 and laws and regulations pertaining to VAT are relatively new and the interpretation and enforcement of such laws and regulations involve uncertainties. If the withholding tax applicable increases from that applicable on 9 January 2020 as a result of Circular 36, the Issuer is entitled to redeem the Notes under the Terms and Conditions of the Notes. For more details, see "*Taxation — PRC — Value-added Tax*".

If the Issuer redeems the Notes prior to the Maturity Date, investors may not receive the same economic benefits they would have received had they held the Notes to maturity, and they may not be able to reinvest the proceeds they receive in a redemption in similar securities. In addition, the Issuer's ability to redeem the Notes may reduce the market price of the Notes.

The Issuer may issue additional Notes in the future.

The Issuer may, from time to time, and without prior consultation of the Noteholders, create and issue further Notes (see "*Terms and Conditions of the Notes — Further Issues*") or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Notes.

Decisions that may be made on behalf of all Noteholders may be adverse to the interests of individual Noteholders.

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of Noteholders may be adverse to the interests of individual Noteholders.

The rating assigned to the Notes may be downgraded or withdrawn at any time.

The Notes are expected to be rated "A-" by Lianhe Global and "BBB+" by Fitch. Each rating represents the opinions of the relevant rating agency and its assessment of the ability of the Issuer to perform its obligations under the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. A rating is not a recommendation to buy, sell or hold the Notes. A rating can be lowered or withdrawn at any time. The Issuer is not obligated to inform Noteholders if the ratings are lowered or withdrawn. A reduction or withdrawal of the ratings may adversely affect the market price of the Notes and the Issuer's ability to access the debt capital markets.

RISKS RELATING TO FINANCIAL AND OTHER INFORMATION

Any public interest assets of the Group should not be taken into account when evaluating the Group's business, financial condition, results of operations and prospects are assessed.

According to the Joint Circular 706, assets of an issuer of medium and long-term foreign debt should be of good quality with clear ownership rights. It further provides that any public interest assets such as public schools, public hospitals, cultural facilities, parks, public squares, office buildings of government departments and institutions, municipal roads, non-toll bridges, non-operating water conservancy facilities, no-charge pipe network facilities and other public interest assets and the usage rights of reserve land cannot be counted towards an issuer's assets for the purposes of issuing medium and long-term foreign debt ("**Public Interest Assets**").

As at 31 December 2021, the Group held titles of certain assets that are to serve public functions ("**Public Function Assets**"). Title to these Public Function Assets were transferred to the Group from the Issuer's shareholder prior to the issue of the Joint Circular 706 as a form of capital injection. The Group's Public Function Assets include roads, bridges and other infrastructure in Zhengzhou that the Group maintains and operates. Some of the Public Function Assets are subjects of the Group's current PPP contracts. Prior to 2015, the Group received various forms of subsidies for the maintenance and operation of such Public Function Assets. Since 2015, the Group generates maintenance and operation services fees payable by the relevant government entities as part of the Group's PPP project investment and management business and project settlement and construction business. As at 31 December 2021, the Group's Public Function Assets amounted to approximately RMB14,590.5 million, representing approximately 30.64 per cent. of the Group's total assets and 76.79 per cent. of the Group's total net assets. Potential investors should note that such amount of the Group's Public Function Assets has not been audited by any auditor and as such potential investors must exercise caution when using or placing any reliance on such amount.

As the enforcement of the Joint Circular 706 involves uncertainties, there can be no assurance that the relevant government authorities would not treat the Group's Public Function Assets as Public Interest Assets, despite the fact the Group holds proper titles to such assets. The Group's Public Function Assets have not been excluded from the Group's consolidated financial statements included in this Offering Circular, and potential investors must therefore exercise caution when using such consolidated financial statements to evaluate the Group's business, financial condition, results of operations and prospects. The Group has been in discussions with the relevant government authorities to formalise the legal categorisation of such assets and expects to resolve this matter within three years of the date of this Offering Circular. For the purposes of preparing the financial statements, the Group will continue to include all of its assets (including the Public Function Assets) in the financial statements in accordance with PRC GAAP. The Noteholders must exercise caution when evaluating the Group's business, financial condition, results of operations and prospects when reviewing the financial statements prepared by the Group.

The Joint Circular 706 further provides that (i) the punishment for enterprises involved in unlawful financing and guarantee shall be intensified; (ii) such enterprises shall be included in the blacklist of relevant fields and the national credit information sharing platform for publicity; (iii) trans-departmental joint punishment shall be implemented; (iv) notification shall be made in a timely manner; and (v) relevant liable parties shall be restricted from filing new applications for or participating in the recordation and registration of foreign debts. As the Joint Circular 706 is relatively new and given the limited volume of published decisions relating to the Joint Circular 706, the interpretation and implementation of the Joint Circular 706 involves uncertainties. In addition, there can be no assurance that the PRC government will not impose penalty on the Group according to the Joint Circular 706 or impose additional or stricter laws and regulations relating to foreign debt financing, which may increase the Group's financing costs and in turn could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

Certain accounting items in the Audited Financial Statements may not be comparable to the financial information in the consolidated financial statements of the Issuer for the previous periods.

In recent years, the MOF promulgated certain new accounting policies and new requirements in relation to financial instruments, recognition of income and accounting treatment of leases (the "**New Accounting Policies and Requirements**") including the Interpretation of Accounting Standards for Business Enterprises No. 14 — Revenue issued in 2021. The Issuer has implemented the relevant applicable New Accounting Policies and Requirements from 1 January 2021. The audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2021 were prepared and presented in accordance with the relevant applicable New Accounting Policies and Requirements. Accordingly, the presentation of certain accounting items in the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2021 may not be comparable to the financial figures in the Issuer's financial statements for the previous periods. As a result of the relevant applicable New Accounting Policies and Requirements which affected the revenue recognition of the certain existing PPP projects of the Group, the revenue derived from the Group's PPP project investment and management business decreased significantly to RMB27.2 million for the year ended 31 December 2021, representing 2.3 per cent. of the Group's total revenue for the same year, from RMB628.7 million and RMB628.7 million for the years ended 31 December 2019 and 2020, respectively, representing 51.2 per cent. and 54.8 per cent. of the total revenue for the corresponding years, while the revenue derived from its project settlement and construction business increased substantially to RMB964.7 million for the year ended 31 December 2021, representing 81.5 per cent. of the Group's total revenue for the same year, from RMB138.7 million and RMB351.8 million for the years ended 31 December 2019 and 2020, respectively, representing 11.3 per cent. and 30.6 per cent. of the total revenue for the corresponding years. For details of the New Accounting Policies and Requirements and its impact on the audited consolidated financial statements of the Issuer as at and for the year ended 31

December 2021, please see "*Notes to Financial Statements — III. Important accounting policies and accounting estimates — (32) Important accounting policies and accounting estimate change*" of the 2021 Audited Financial Statements.

In addition, certain financial figures as at and for the years ended 31 December 2019 and 2020 were restated in the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2020 and 2021, as the case may be, as a result of certain accounting errors that occurred in the preparation of the Issuer's financial statements for the previous periods. For details of such accounting errors and the impact of the restatement, please see "*Notes to Financial Statements — III. Important accounting policies and accounting estimates — (27) Correction of previous errors*" of the Issuer's audited consolidated financial statements as at and for the year ended 31 December 2020 and "*Notes to Financial Statements — III. Important accounting policies and accounting estimates — (33) Correction of previous errors*" of the 2021 Audited Financial Statements. As a result of the restatement, certain financial figures as at and for the years ended 31 December 2019 and 2020 in the Issuer's audited consolidated financial statements as at and for the years ended 31 December 2020 and 2021, as the case may be, may not be comparable to the financial figures in the Issuer's financial statements for the previous periods.

There can be no assurance that the MOF will not promulgate other new accounting standards or requirements in relation to financial statements which may affect the Issuer's accounting policies or the presentation of the Issuer's financial statements.

The Issuer published and may continue to publish periodical financial information in the PRC pursuant to applicable PRC regulatory rules. Investors should be cautious and not place any reliance on any financial information other than that disclosed in this Offering Circular.

The Issuer from time to time issues corporate bonds in the domestic capital markets in the PRC. According to applicable PRC securities regulations on debt capital markets, the Issuer needs to publish its periodical financial information to satisfy its continuing disclosure obligations relating to its corporate bonds and short-term commercial paper. After the Notes are issued, the Issuer is obligated by the terms of the Notes, among others, to provide holders of the Notes with its audited financial statements and certain unaudited and unreviewed periodical financial statements. The interim financial information published by the Group in the PRC is normally derived from the Group's management accounts which have not been audited or reviewed by independent auditors. As such, this financial information published in the PRC should not be referred to or relied upon by potential purchasers to provide the same quality of information associated with any audited information. The Issuer is not responsible to holders of the Notes for the unaudited and unreviewed financial information from time to time published in the PRC and therefore potential investors should not place any reliance on any such financial information.

The Group's independent auditors, AP CPA, has received adverse regulatory decisions issued by relevant PRC regulatory authorities and has been involved in litigations in recent years.

The Group's independent auditors, AP CPA, is a registered accounting firm in the PRC supervised by the PRC courts and other relevant PRC regulatory agencies, including the MOF and China Securities Regulatory Commission ("**CSRC**").

CSRC and its local branches have taken administrative actions against AP CPA and its employees, which included holding supervisory talks, issuing warning letters, making a record the securities and futures market integrity files, imposing deadlines upon AP CPA for rectification and submitting reports to the CSRC. The administrative actions taken against AP CPA from 2019 to the date of this Offering Circular include:

- in January 2019, CSRC Jiangsu Regulatory Bureau issued a warning letter against AP CPA and two registered auditors of AP CPA, in respect of AP CPA's 2017 annual audit of Xuzhou Kerong Environment and Recourse Co., Ltd. (徐州科融環境資源股份有限公司) whereby various audit procedures were not in place;

- in April 2019, CSRC Zhejiang Regulatory Bureau issued a warning letter against AP CPA and two registered auditors of AP CPA, in respect of AP CPA's 2017 annual audit of Zhejiang Renzhi Co., Ltd. (浙江仁智股份有限公司) whereby AP CPA did not fully identified and assessed the risk of material misstatements, did not implemented sufficient and appropriate audit procedures and the signing accountants had not performed their duties diligently;

- in October 2019, CSRC Hebei Regulatory Bureau issued a warning letter against AP CPA and two registered auditors of AP CPA, in respect of AP CPA's 2018 annual audit of Zhongjia Bochuang Information Technology Co., Ltd. (中嘉博創資訊技術股份有限公司);

- in October 2019, National Association of Financial Market Institutional Investors imposed disciplinary actions on AP CPA and two registered auditors of AP CPA, in respect of AP CPA's 2017 annual audit work of Kangde Investment Group Co., Ltd. (康得投資集團有限公司);

- in November 2019, CSRC Hubei Regulatory Bureau issued a warning letter against AP CPA and two registered auditors of AP CPA, in respect of AP CPA's 2018 internal audited work of Yingfan Microelectronics Co., Ltd. (盈方微電子股份有限公司);

- in December 2019, CSRC Shenzhen Regulatory Bureau issued a warning letter against AP CPA and two registered auditors of AP CPA, in respect of AP CPA's 2017 and 2018 annual audited work of Shenzhen Haisidi Resource Technology Co., Ltd. (深圳海斯迪能源科技股份有限公司);

- in December 2019, CSRC Sichuan Regulatory Bureau issued a warning letter against AP CPA and two registered auditors of AP CPA, in respect of the 2018 audit of Zhengyuan Holdings Co., Ltd. (正源控股股份有限公司) whereby various audit procedures were not in place;

- in January 2020, CSRC Zhejiang Regulatory Bureau issued a warning letter against AP CPA and two registered auditors of AP CPA, in respect of AP CPA's 2018 annual audited work of Zhejiang Shatele New Material Co., Ltd. (浙江莎特勒新材料股份有限公司);

- in January 2020, CSRC Shenzhen Regulatory Bureau issued a warning letter against AP CPA and two registered auditors of AP CPA, in respect of AP CPA's 2015 annual audit work of Shenzhen Beauty Ecology Co., Ltd. (深圳美麗生態股份有限公司);

- in January 2020, CSRC Jilin Regulatory Bureau issued a warning letter against AP CPA and two registered auditors of AP CPA, in respect of AP CPA's 2018 internal control audit work and financial report audit work of Jilin Chengcheng Group Co., Ltd. (吉林成城集團股份有限公司);

- in March 2020, CSRC Shenzhen Commissioner Office issued a warning letter against AP CPA and four registered auditors of AP CPA, in respect of 2019 securities qualification institute comprehensive quality inspection. CSRC identified AP CPA's existing problems with internal governance, quality control and independence;

- in March 2020, CSRC Shenzhen Commissioner Office issued a warning letter against AP CPA and four registered auditors of AP CPA, in respect of AP CPA's 2018 annual audit work of Sichuan Jinding (Group) Co., Ltd. (四川金頂(集團)股份有限公司) and 2016 annual audit work of Diandianke Information Technology Co., Ltd. (點點客信息技術股份有限公司);

- in July 2020, CSRC Guangdong Regulatory Bureau issued a warning letter against AP CPA and two registered auditors of AP CPA, in respect of AP CPA's audit work of Guangdong Shunzhe (Group) Co., Ltd. (廣東舜喆(集團)股份有限公司);

- in October 2020, CSRC Shandong Regulatory Bureau issued a warning letter against AP CPA and two registered auditors of AP CPA, in respect of AP CPA's 2019 annual audit work of Shandong Golden Childhood Co., Ltd. (山東金色童年股份有限公司);

- in November 2020, CSRC Shandong Regulatory Bureau issued a warning letter against AP CPA and two registered auditors of AP CPA, in respect of AP CPA's 2018 annual audit work of Shandong Fuyu Chemical Co., Ltd. (山東富宇化工有限公司);

- in November 2020, CSRC Hubei Regulatory Bureau issued a warning letter against AP CPA and two registered auditors of AP CPA, in respect of AP CPA's 2019 annual audit work and 2019 internal control audit work of Yingfang Microelectronics Co., Ltd. (盈方微電子股份有限公司);

- in December 2020, CSRC Beijing Regulatory Bureau issued a warning letter against AP CPA and two registered auditors of AP CPA, in respect of AP CPA's 2019 annual audit work of Beijing Huaxin Longyue Technology Co., Ltd. (北京華信龍悅科技股份有限公司);

- in January 2021, CSRC Yunnan Regulatory Bureau issued a warning letter against AP CPA and two registered auditors of AP CPA, in respect of AP CPA's 2019 annual audit work of Changjiang Green Sea Environmental Engineering Co., Ltd. (長江綠海環境工程股份有限公司);

- in January 2021, CSRC Hubei Regulatory Bureau issued a warning letter against AP CPA and two registered auditors of AP CPA, in respect of AP CPA's 2015 profit forecast of Yingfang Microelectronics Co., Ltd. (盈方微電子股份有限公司);

- in February 2021, CSRC Shanghai Regulatory Bureau issued a warning letter against AP CPA and two registered auditors of AP CPA, in respect of AP CPA's 2019 annual audit work of Zhantang Zhupai (Shanghai) Technology Co., Ltd. (展唐助拍(上海)科技股份有限公司);

- in March 2021, CSRC Hubei Regulatory Bureau issued a warning letter against AP CPA and two registered auditors of AP CPA, in respect of AP CPA's 2019 annual audit work and internal audit work of High Rise Holding Co., Ltd. (高升控股股份有限公司);

- in August 2021, CSRC Ningbo Regulatory Bureau issued a warning letter against AP CPA and two registered auditors of AP CPA, in respect of AP CPA's 2020 annual audit work of Ningbo Chuangyuan Culture Development Co., Ltd. (寧波創源文化發展股份有限公司);

- in November 2021, CSRC Shenzhen Regulatory Bureau issued a warning letter against AP CPA and two registered auditors of AP CPA, in respect of AP CPA's 2020 annual audit work of GEM Co., Ltd. (格林美股份有限公司);

- in November 2021, CSRC Shandong Regulatory Bureau issued a warning letter against AP CPA and two registered auditors of AP CPA, in respect of AP CPA's 2017 annual audit work of Shandong Yuhuang Chemical Co., Ltd. (山東玉皇化工有限公司);

- in November 2021, CSRC Ningbo Regulatory Bureau issued a warning letter against AP CPA and two registered auditors of AP CPA, in respect of AP CPA's 2020 annual audit work of Zhejiang Reclamation Construction Group Co., Ltd. (浙江省圍海建設集團股份有限公司);

- in December 2021, CSRC issued an administrative penalty decision and made a record in the securities and futures market integrity file against AP CPA, in respect of the 2017 audit of Xiong'an Kerong Environmental Technology Co., Ltd. (雄安科融環境科技股份有限公司) whereby AP CPA did not adhere to due diligence principles;

- in December 2021, CSRC issued an administrative penalty decision and made a record in the securities and futures market integrity file against AP CPA, in respect of 2017 audit of Zhongrong Shuangchuang (Beijing) Technology Group Co., Ltd. (中融雙創(北京)科技集團有限公司) whereby AP CPA did not adhere to due diligence principles;

- in March 2022, CSRC Shandong Regulatory Bureau issued a warning letter against AP CPA and two registered auditors of AP CPA, in respect of AP CPA's 2020 annual audit work of Weifang Jinzheng Food Co., Ltd. (濰坊金正食品股份有限公司);

- in April 2022, CSRC Guangdong Regulatory Bureau issued a warning letter against AP CPA and two registered auditors of AP CPA, in respect of AP CPA's 2020 annual audit work of Guangdong Shenglu Communication Technology Co., Ltd. (廣東盛路通信科技股份有限公司);

Mr. Qin Xisheng was one of the signing certified public accounts for the audited financial statements of the Group from the year of 2012 to the year of 2017. Mr. Qin Xisheng was involved in criminal litigations for providing a false audited report of a company in Jiangsu province and sentenced to six months in prison with probation of 18 months and a fine of RMB50,000 in 2019 (the "**Criminal Litigation**").

Mr. Jia Xiaohe is involved in an ongoing civil litigation against Asia Pacific (Group) CPAs where an investor of Huachen Automotive Group Holdings Co., Ltd.'s debt securities alleges that Asia Pacific (Group) CPAs' provided fabricated audited financial statements of Huachen Automotive Group Holdings Co., Ltd. (the "**Civil Litigation**", and together with the Criminal Litigation, the "**Litigations**"). Mr. Jia Xiaohe has been one of the signing certified public accountants for the audited financial statements of the Group from 2013 and is responsible for providing service in relation to the issuance of the Notes.

AP CPA has confirmed that (a) the Litigations do not affect the auditing work previously conducted by Mr. Qin Xinsheng and Mr. Jia Xiaohe for the Group; (b) the Litigations do not affect AP CPA providing service for the issuance of the Notes; and (c) the Litigations do not affect the practising qualification of AP CPA. While AP CPA has confirmed that the above will not affect its work in connection with the offering of the Notes including its issuance of comfort letters, there can be no assurance that these investigations or potential future investigations, penalties and potential future penalties against AP CPA and its employees would not subject AP CPA or any of its management, officers or employees to further sanctions imposed by other PRC authorities or further suspension of business operations by CSRC or the MOF. Such sanctions, revocations and suspensions may restrict AP CPA from providing audit services or other services in connection with the Group's financing transactions. In that case, the Group may have to discontinue its engagement with AP CPA, which may adversely affect its business operations and harm its reputation. Also, any sanctions, revocations and suspensions may affect investor's confidence in the Group's financial statements audited or reviewed by AP CPA. Prospective investors should consider these factors prior to making any investment decision.

The Audited Financial Statements have been prepared and presented in accordance with PRC GAAP, which is different from IFRS in certain respects.

The Audited Financial Statements included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP differs in certain respects from IFRS. Please see "*Summary of Significant Differences between PRC GAAP and IFRS*" for details. Each investor should consult its own professional advisers for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

Historical consolidated financial information of the Group is not indicative of its current or future financial results.

The historical financial information of the Group included in this Offering Circular is not indicative of its future financial results. Such financial information is not intended to represent or predict the Group's results of operations of any future periods. The Group's future results of operations may change materially if its future growth deviates from the historical trends for various reasons, including factors beyond its control, such as changes in economic environment, PRC environmental rules and regulations and the competitive landscape of the industries in which the Group operates its businesses. The Group may also acquire businesses or companies or dispose of its subsidiaries or assets from time to time in accordance with the Group's business objectives. Period-to-period comparisons of the Group's historical operating results must be evaluated in light of the impact of any such transactions.

There can be no assurance of the accuracy or comparability of facts and statistics contained in this Offering Circular with respect to the PRC, its economy or the relevant industry.

Facts and other statistics in this Offering Circular relating to the PRC, its economy or the relevant industry in which the Group operates have been directly or indirectly derived from official government publications and certain other public industry sources and although the Group believes such facts and statistics are accurate and reliable, it cannot guarantee the quality or the reliability of such source materials. They have not been prepared or independently verified by the Issuer, the

Trustee, the Agents or any of its or their respective affiliates, officers, representatives, directors, employees, agents or advisers, and, therefore, the Issuer, the Trustee, the Agents or any of its or their respective affiliates, officers, representatives, directors, employees, agents or advisers makes no representation as to the completeness, accuracy or fairness of such facts or other statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be incomplete, inaccurate or unfair or may not be comparable to statistics produced for other economies or the same or similar industries in other countries and should not be unduly relied upon. Furthermore, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, potential investors should give consideration as to how much weight or importance they should attach to or place on such facts or other statistics.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes which (subject to modification and except for the paragraphs in italics) will be endorsed on the Note Certificates (as defined below) issued in respect of the Notes.

The U.S.$350,000,000 5.20 per cent. Notes due 2025 (the "**Notes**", which expression includes any further notes issued pursuant to Condition 14 (*Further Issues*) to be consolidated into and forming a single series therewith) of Zhengzhou Urban Construction Investment Group Co., Ltd. (鄭州城建集團投資有限公司) (the "**Issuer**") are constituted by, are subject to, and have the benefit of, a trust deed dated 30 August 2022 (as amended, restated, replaced or supplemented from time to time, the "**Trust Deed**") between the Issuer and The Bank of New York Mellon, London Branch as trustee (the "**Trustee**", which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed) and are the subject of an agency agreement dated 30 August 2022 (as amended, restated, replaced or supplemented from time to time, the "**Agency Agreement**") between the Issuer, The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), The Bank of New York Mellon, London Branch as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), the transfer agents named therein (the "**Transfer Agents**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes), the paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the Trustee. References herein to the "**Agents**" are to the Registrar, the Principal Paying Agent, the Transfer Agents and the other Paying Agents and any reference to an "**Agent**" is to any one of them.

Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. The Noteholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders during normal business hours (being 9:00 a.m. to 3:00 p.m. on Mondays to Fridays excluding public holidays) upon prior written request and satisfactory proof of holding at the specified office for the time being of the Trustee, being at the date hereof One Canada Square, London E14 5AL, United Kingdom and at the Specified Office (as defined in the Agency Agreement) of the Principal Paying Agent.

1. FORM, DENOMINATION AND STATUS

(a) *Form and denomination*: The Notes are in registered form in the denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (each, an "**Authorised Denomination**").

(b) *Status of the Notes*: The Notes constitute direct, general, unsubordinated, unconditional and (subject to Condition 3(a) (*Negative Pledge*)) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

*Upon issue, the Notes will be represented by a global note certificate (the "**Global Note Certificate**") substantially in the form scheduled to the Trust Deed. The Global Note Certificate will be registered in the name of a nominee for, and deposited with, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"), and will be exchangeable for individual Note Certificates (as defined below) only in the circumstances set out therein. These Conditions are modified by certain provisions contained in the Global Note Certificate while any of the Notes are represented by the Global Note Certificate.*

2. REGISTER, TITLE AND TRANSFERS

(a) *Register*: The Registrar will maintain a register (the "**Register**") in respect of the Notes in accordance with the provisions of the Agency Agreement. In these Conditions, the "**Holder**" of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly. A certificate (each, a "**Note Certificate**") will be issued to each Noteholder in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.

(b) *Title*: The Holder of each Note shall (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of the Notes or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

(c) *Transfers*: Subject to paragraphs (f) (*Closed periods*) and (g) (*Regulations concerning transfers and registration*) below, a Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however, that* a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are Authorised Denominations. Where not all the Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor. No transfer of title of a Note will be valid unless and until registered on the Register.

Transfers of interests in the Notes represented by the Global Note Certificate will be effected in accordance with the rules of the relevant clearing systems.

(d) *Registration and delivery of Note Certificates*: Within five business days of the surrender of a Note Certificate in accordance with paragraph (c) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured mail to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

Except in the limited circumstances described in the Global Note Certificate, owners of interests in the Notes will not be entitled to receive physical delivery of individual Note Certificates.

(e) *No charge*: The transfer of a Note will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against such payment or indemnity, security and/or pre-funding as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(f) *Closed periods*: Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes.

(g) *Regulations* concerning transfers and registration: All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes the initial form of which is scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar, or by the Registrar with the prior written approval of the Trustee. A copy of the current regulations will be made available for inspection by the Registrar to any Noteholder upon prior written request and satisfactory proof of holding.

3. COVENANTS

(a) *Negative pledge*: So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer shall not, and the Issuer shall procure that none of its Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or guarantee or indemnity of Relevant Indebtedness without at the same time or prior thereto (i) securing the Notes equally and rateably therewith or (ii) providing such other security for the Notes as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Noteholders.

(b) *Financial statements etc.*: So long as any Note remains outstanding, the Issuer shall provide to the Trustee:

(i) (A) a copy of the Issuer Audited Financial Reports within 150 days of the end of each Relevant Period, prepared in accordance with PRC GAAP (audited by a nationally recognised firm of independent accountants); and (B) a copy of the Issuer Semi-Annual Unaudited Financial Reports within 90 days of the end of each Relevant Period, prepared on a basis consistent with the Issuer Audited Financial Reports; *provided that*, if at any time the capital stock of the Issuer is listed for trading on a recognised stock exchange, the Issuer may make available to the Trustee, as soon as they are available but in any event not more than 14 days after any financial or other reports of the Issuer are filed with the exchange on which the Issuer's capital stock is at such time listed for trading, true and correct copies of any financial or other report filed with such exchange in lieu of the reports identified in Conditions 3(b)(i)(A) and 3(b)(i)(B) above and, if the Issuer Audited Financial Reports and/or the Issuer Semi-Annual Unaudited Financial Reports, as the case may be, shall be in the Chinese language, together with an English language translation of the same translated by (x) a nationally recognised firm of independent accountants or (y) a professional translation service provider and checked by a nationally recognised firm of independent accountants, together with a certificate signed by an Authorised Signatory (as defined in the Trust Deed) certifying that such translation is complete and accurate; and

(ii) a Compliance Certificate (on which the Trustee may rely as to such compliance) within 14 days of a request by the Trustee and at the time of provision of the Issuer Audited Financial Reports.

The Trustee shall not be required to review the relevant Issuer Audited Financial Reports, Issuer Semi-Annual Unaudited Financial Reports or any other financial report furnished or delivered to it as contemplated in this Condition 3(b) (*Financial statements* *etc.*) and, if the same shall not be in the English language, shall not be required to request or obtain or arrange for an English language translation of the same, and the Trustee shall not be liable to any Noteholder or any other person for not doing so.

(c) *Notification to NDRC*: The Issuer undertakes to file or cause to be filed with the NDRC the requisite information and documents within the prescribed timeframe after the Issue Date (as defined herein) in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015] 2044號)) issued by the NDRC and which came into effect on 14 September 2015, and any implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time (the "**NDRC Post-issue Reporting**").

The Issuer shall submit the NDRC Post-issue Reporting within the prescribed timeframe after the Issue Date and shall comply with all applicable PRC laws and regulations in connection with the Notes.

The Issuer shall within 10 PRC Business Days after the submission of such NDRC Post-issue Reporting (i) provide the Trustee with a certificate (substantially in the form scheduled to the Trust Deed) signed by an Authorised Signatory confirming the submission of the NDRC Post-issue Reporting (together with a copy of the relevant document(s), if any, evidencing due filing with the NDRC) and (ii) give notice to the Noteholders in accordance with Condition 15 (*Notices*) confirming the submission of the NDRC Post-issue Reporting.

(d) *Registration with SAFE*: The Issuer undertakes to file or cause to be filed with SAFE the requisite information and documents within the prescribed timeframe in accordance with (i) the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》) issued by SAFE and which came into effect on 13 May 2013, and (ii) the Circular on Relevant Matters about the Macro-Prudential Management of Cross-Border Financing in Full Aperture (《中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知》) issued by the PBOC and which came into effect on 12 January 2017 and, any implementation rules, reports, certificates, approvals or guidelines as issued by SAFE or the PBOC, as the case may be, from time to time (the "**Foreign Debt Registration**").

The Issuer shall complete the Foreign Debt Registration on or before the SAFE Registration Deadline and shall within 10 PRC Business Days after receipt of a registration certificate from SAFE (or any other document evidencing the completion of the Foreign Debt Registration issued by SAFE), (i) provide the Trustee with a certificate (substantially in the form scheduled to the Trust Deed) signed by an Authorised Signatory confirming the completion of the Foreign Debt Registration (together with a copy of the relevant document(s) (x) filed with SAFE and (y) issued by SAFE evidencing the completion of the Foreign Debt Registration) (collectively, the "**Registration Documents**") and (ii) give notice to the Noteholders in accordance with Condition 15 (*Notices*) confirming the completion of the Foreign Debt Registration.

The Trustee shall have no obligation or duty to monitor or ensure the completion of the NDRC Post-issue Reporting within the prescribed timeframe after the Issue Date (or otherwise assist with) or the Foreign Debt Registration on or before the SAFE Registration Deadline or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the NDRC Post-issue Reporting and the Foreign Debt Registration, and shall not be liable to Noteholders or any other person for not doing so.

(e) *Rating Maintenance*: So long as any Note remains outstanding, save with the approval of an Extraordinary Resolution of Noteholders, the Issuer shall use all reasonable endeavours to maintain a rating on the Notes by at least one Rating Agency.

In these Conditions:

"**Compliance Certificate**" means a certificate in English of the Issuer (substantially in the form scheduled to the Trust Deed) signed by an Authorised Signatory stating that, having made due enquiries, to the best of the knowledge, information and belief of the Issuer as at a date (the "**Certification Date**") not more than five days before the date of the certificate:

(a) no Event of Default or Potential Event of Default had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and

(b) the Issuer has complied with all its obligations under the Trust Deed, the Agency Agreement and the Notes or, if the Issuer has not complied with all such obligations, giving details of such non-compliance;

"**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China;

"**Issuer Audited Financial Reports**" means the annual audited consolidated statement of financial position, income statement, statement of cash flows, statement of changes in shareholders' equity of the Issuer and its consolidated Subsidiaries, together with any statements, reports (including any directors' and auditors' reports) and notes attached to or intended to be read with any of them;

"**Issuer Semi-Annual Unaudited Financial Reports**" means the semi-annual unaudited and unreviewed condensed consolidated statement of financial position, income statement, statement of cash flows, statement of changes in shareholders' equity of the Issuer and its consolidated Subsidiaries, together with any statements, reports (including any directors' and auditors' reports) and notes attached to or intended to be read with any of them, if any;

"**NDRC**" means the National Development and Reform Commission of the PRC or its local counterparts;

"**PBOC**" means the People's Bank of China;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**Potential Event of Default**" means an event or circumstance which could, with the giving of notice, the lapse of time, the issuing of a certificate and/or the fulfilment of any other requirement provided for in Condition 8 (*Events of Default*), become an Event of Default;

"**PRC**" means the People's Republic of China, which, for the purposes of these Conditions, shall not include Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan;

"**PRC Business Day**" means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are generally open for business in the PRC;

"**PRC GAAP**" means the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and all applicable guidance, bulletins and other relevant accounting regulations issued thereafter, as amended from time to time;

"**Rating Agency**" means any of Fitch Ratings Limited, Moody's Investors Service Hong Kong Limited, S&P Global Ratings or Lianhe Ratings Global Limited, or any of their respective successors or assigns;

"**Relevant Indebtedness**" means any present or future indebtedness incurred outside the PRC which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) (which for the avoidance of doubt does not include bilateral loans syndicated loans or club deal loans);

"**Relevant Period**" means (i) in relation to the Issuer Audited Financial Reports, each period of twelve months ending on the last day of the Issuer's financial year (being 31 December of that financial year) and (ii) in relation to the Issuer Semi-Annual Unaudited Financial Reports, each period of six months ending on the last day of the Issuer's first-half financial year (being 30 June of that financial year);

"**SAFE**" means the State Administration of Foreign Exchange of the PRC or its local counterparts;

"**SAFE Registration Deadline**" means the day falling 120 PRC Business Days after the Issue Date;

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction; and

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**"):

(a) of which 50 per cent. or more of the share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of the second Person is controlled by the first Person; or

(b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person.

4. INTEREST

The Notes bear interest from 30 August 2022 (the "**Issue Date**") at the rate of 5.20 per cent. per annum, (the "**Rate of Interest**") payable semi-annually in arrear in equal instalments on 28 February and 30 August in each year (each, an "**Interest Payment Date**"), subject as provided in Condition 6 (*Payments*) commencing on 28 February 2023.

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable on each Interest Payment Date shall be U.S.$26.0 in respect of each Note of U.S.$1,000 denomination (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any other period shall be equal to the product of the Rate of Interest, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

5. REDEMPTION AND PURCHASE

(a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 30 August 2025, subject as provided in Condition 6 (*Payments*).

(b) *Redemption for tax reasons*: The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their principal amount, together with interest accrued to (but not including) the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:

(i) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 24 August 2022; and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee:

(A) a certificate in English signed by an Authorised Signatory stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and

(B) an opinion in form and substance satisfactory to the Trustee of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment.

The Trustee shall be entitled (but not obliged) to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out in (i) and (ii) above, in which event they shall be conclusive and binding on the Noteholders and the Trustee shall be protected and shall have no liability to any Noteholder or any person for so accepting and relying on such certificate or opinion.

Upon the expiry of any such notice period as is referred to in this Condition 5(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 5(b).

(c) *Redemption for a Relevant Event*: At any time following the occurrence of a Relevant Event, the Holder of any Note will have the right, at such Holder's option, to require the Issuer to redeem all but not some only of that Holder's Notes on the Put Settlement Date (as defined below) at 101 per cent. of their principal amount (in the case of a redemption for Change of Control) or 100 per cent. of their principal amount (in the case of a redemption for Non-Registration Event), in each case, together with interest accrued to (but not including) such Put Settlement Date. To exercise such right, the Holder of the relevant Note must deposit at the Specified Office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the Specified Office of any Paying Agent (a "**Put Exercise Notice**"), together with the Note Certificates evidencing the Notes to be redeemed by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 15 (*Notices*). The "**Put Settlement Date**" shall be the 14th day after the expiry of such period of 30 days as referred to above.

A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes subject to the Put Exercise Notices delivered as aforesaid.

The Issuer shall give notice to Noteholders in accordance with Condition 15 (*Notices*) and to the Trustee and the Principal Paying Agent in writing by not later than 14 days (in the case of a redemption for Change of Control) or five days (in the case of a redemption for Non-Registration Event) following the first day on which the Issuer becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by Holders of their rights to require redemption of the Notes pursuant to this Condition 5(c).

So long as the Notes are represented by the Global Note Certificate, a Holder's right to redemption of the Notes due to a Relevant Event will be effected in accordance with the rules of the relevant clearing systems.

In these Conditions:

a "**Change of Control**" occurs when:

(i) Zhengzhou Municipal Government and/or State-owned Assets Supervision and Administration Commission of Zhengzhou Municipal People's Government (鄭州市人民政府國有資產監督管理委員會) and/or any other persons and entities (directly or indirectly) Controlled by central government of the PRC (each a "**Government Person**"), together, ceases to Control the Issuer; or

(ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person or persons, acting together, except where such person(s) is/are Controlled, directly or indirectly by a Government Person;

"**Control**" means with respect to a Person (where applicable): (i) the ownership or control of 100 per cent. of the issued share capital of such Person; or (ii) the possession, directly or indirectly, of the power to nominate or designate all members then in office of such Person's board of directors or other governing body, in respect of (i) or (ii), whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise. For the avoidance of doubt, a Person is deemed to Control another Person so long as it fulfils one of the two foregoing requirements and the terms "**Controlling**" and "**Controlled**" have meanings correlative to the foregoing;

a "**Non-Registration Event**" occurs when the Registration Condition has not been satisfied on or prior to the SAFE Registration Deadline;

"**Registration Condition**" means the receipt of the certificate referred to in Condition 3(d) (*Registration with SAFE*) and a copy of the Registration Documents by the Trustee and the publication of the notice to Noteholders of completion of the Foreign Debt Registration in accordance with Condition 3(d) (*Registration with SAFE*);

"**Relevant Event**" means a Change of Control or a Non-Registration Event; and

"**Zhengzhou Municipal Government**" means the Zhengzhou Municipal People's Government (鄭州市人民政府); and

(d) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) (*Scheduled redemption*) to (c) (*Redemption for a Relevant Event*) above.

(e) *Purchase*: The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price. The Notes so purchased, while held by or on behalf of the Issuer or any of its Subsidiaries, shall not entitle the Holder to vote any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 8 (*Events of Default*), 12(a) (*Meetings of Noteholders*) and 13 (*Enforcement*).

(f) *Cancellation*: All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries shall be cancelled and may not be reissued or resold. The obligations of the Issuer in respect of such Notes so duly cancelled shall be discharged.

(g) *Notices of redemption*: If there is more than one notice of redemption given in respect of any Note (which shall include any notice given by the Issuer pursuant to Condition 5(b) (*Redemption for tax reasons*) and any Put Exercise Notice given by a Noteholder pursuant to Condition 5(c) (*Redemption for a Relevant Event*), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail.

(h) *No duty to monitor*: The Trustee and the Agents shall not be obliged to take any steps to ascertain whether a Relevant Event, Potential Event of Default or Event of Default has occurred or to monitor the occurrence of any Relevant Event, Potential Event of Default or Event of Default, and shall not be liable to the Noteholders or any other person for not doing so.

(i) *Calculations*: Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption or have a duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection thereto, and shall not be liable to the Noteholders or any other person for not doing so.

6. PAYMENTS

(a) *Principal*: Payments of principal and premium (if any) shall be made by transfer to a U.S. dollar account maintained by the payee (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(b) *Interest*: Payments of interest shall be made by transfer to a U.S. dollar account maintained by the payee and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(c) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) *Payments on business days*: Payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated (i) (in the case of payments of principal, premium (if any) and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a business day. In this paragraph, "**business day**" means any day on which banks are open for general business (including dealings in foreign currencies) in London, Hong Kong, New York City and, in the case of surrender (or, in the case of part payment only, endorsement) of a Note Certificate, in the place in which the Note Certificate is surrendered (or, as the case may be, endorsed).

(e) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.

(f) *Record date*: Each payment in respect of a Note will be made to the person shown as the Holder in the Register at the close of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**").

*Notwithstanding the foregoing, so long as the Global Note Certificate is held on behalf of Euroclear, Clearstream or any other clearing system, each payment in respect of the Global Note Certificate will be made to the person shown as the Holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

7. TAXATION

All payments of principal, premium (if any) and interest in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the PRC or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law.

Where such withholding or deduction is made by the Issuer by or within the PRC at the rate up to and including the rate applicable on 24 August 2022 (the "**Applicable Rate**"), the Issuer will pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required.

If the Issuer is required to make a deduction or withholding by or within the PRC, in excess of the Applicable Rate, the Issuer shall pay such additional amounts (the "**Additional Tax Amounts**") as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Tax Amounts shall be payable in respect of any Note:

(a) held by a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the PRC other than the mere holding of the Note; or

(b) where (in the case of a payment of principal, premium (if any) or interest on redemption) the relevant Note Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such Additional Tax Amounts if it had surrendered the relevant Note Certificate on the last day of such period of 30 days.

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to principal or interest shall be deemed to include any Additional Tax Amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 7 (*Taxation*) or any undertaking given in addition to or in substitution of this Condition 7 (*Taxation*) pursuant to the Trust Deed.

If the Issuer becomes subject at any time to any taxing jurisdiction other than the PRC, references in these Conditions to the PRC shall be construed as references to the PRC and/or such other jurisdiction.

Neither the Trustee nor any Agent shall in any event be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 7 or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer or the Noteholders or any other person to pay such tax, duty, charges, withholding or other payment in any jurisdiction or be responsible to provide any notice or information in relation to the Notes in connection with payment of such tax, duty, charges, withholding or other payment imposed by or in any jurisdiction.

8. EVENTS OF DEFAULT

If any of the following events occurs (each, an "**Event of Default**"), then the Trustee at its discretion may and, if so requested in writing by Holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution of Noteholders, shall (subject to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality:

(a) *Non-payment:* the Issuer (i) fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or (ii) fails to pay any amount of interest in respect of the Notes on the due date for payment thereof and such failure to pay such interest continues for a period of seven days after the due date for such payment; or

(b) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Trust Deed (other than those obligations the breach of which would give rise to right of a redemption pursuant to Condition 5(c) (*Redemption for a Relevant Event*)) and such default (i) is incapable of remedy or (ii) being a default which is capable of remedy remains unremedied for 30 days after the Trustee has given written notice thereof to the Issuer; or

(c) *Cross-default of the Issuer or Subsidiary*:

(i) any indebtedness of the Issuer or any of its Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;

(ii) any such indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like howsoever described at the option of any person entitled to such indebtedness; or

(iii) the Issuer or any of its Subsidiaries fails to pay when due (as the case may be) within any originally applicable grace period any amount payable by it under any guarantee of any indebtedness;

provided that the amount of indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any guarantee referred to in sub-paragraph (iii) above, individually or in the aggregate, exceeds U.S.$20,000,000 (or its equivalent in any other currency or currencies); or

(d) *Unsatisfied judgment*: one or more judgment(s) or order(s) is rendered for payment against the whole or any material part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries and continue(s) unsatisfied and unstayed for a period of 45 days after the date(s) thereof or, if later, the date therein specified for payment; or

(e) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any material part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries in each case, undischarged or unstayed for a period of 45 days after the date(s) thereof; or

(f) *Insolvency, etc.*: (i) the Issuer or any of its Principal Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer or any of its Principal Subsidiaries or the whole or any material part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries, (iii) the Issuer or any of its Principal Subsidiaries takes any action for a readjustment or deferment of all or a material part of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of all or a material part of its indebtedness or all or a material part of its guarantee obligations outstanding or (iv) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or a material part of its business (otherwise than, in the case of a Principal Subsidiary, (x) for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent, (y) any winding up, liquidation or dissolution whereby the business of such Principal Subsidiary is transferred to or otherwise vested in the Issuer or any of its Subsidiaries, or (z) any disposal or sale of a Principal Subsidiary to any other person on arm's length terms for market considerations where the considerations (whether in cash or otherwise) resulting from such disposal are transferred to or otherwise vested in the Issuer or any of its Subsidiaries); or

(g) *Winding up, etc.*: an order by a court of competent jurisdiction is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Principal Subsidiaries (otherwise than, in the case of a Principal Subsidiary of the Issuer, (x) for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent, (y) any winding up, liquidation or dissolution whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or any of its Subsidiaries or (z) any disposal or sale of a Principal Subsidiary to any other person on arm's length terms for market considerations where the considerations (whether in cash or otherwise) resulting from such disposal are transferred to or otherwise vested in the Issuer or any of its Subsidiaries); or

(h) *Analogous event*: any event occurs which under the laws of the PRC has an analogous effect to any of the events referred to in paragraphs (d) (*Unsatisfied judgment*) to (g) (*Winding up, etc.*) above; or

(i) *Failure to take action, etc.*: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes or the Trust Deed, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Note Certificates and the Trust Deed admissible in evidence in the courts of the PRC and Hong Kong is not taken, fulfilled or done; or

(j) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Trust Deed; or

(k) *Government intervention*: (i) all or any substantial part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries is condemned, seized or otherwise appropriated by any person acting under the authority of any national, regional or local government or (ii) the Issuer or any of its Principal Subsidiaries is prevented by any such person from exercising normal control over all or any substantial part of its undertaking, assets and revenues, save for any disposal or sale of such undertaking, assets or revenues as directed by any such person and on arm's length terms for market considerations where the considerations (whether in cash or otherwise) resulting from such disposal or sale are transferred to or otherwise vested in the Issuer or any of its Subsidiaries.

In this Condition 8, "**Principal Subsidiary**" means any Subsidiary of the Issuer:

(i) whose revenue (consolidated in the case of a Subsidiary which itself has Subsidiaries), as shown by its latest audited income statement, is at least three per cent. of the total revenue as shown by the latest published audited consolidated income statement of the Issuer and its Subsidiaries;

(ii) whose net profit (consolidated in the case of a Subsidiary which itself has Subsidiaries), as shown by its latest audited income statement, is at least three per cent. of the total consolidated net profit as shown by the latest published audited consolidated income statement of the Issuer and its Subsidiaries;

(iii) whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries), as shown by its latest audited balance sheet, are at least three per cent. of the total assets of the Issuer and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Issuer and its Subsidiaries,

provided that, in relation to paragraphs (i), (ii) and (iii) above of this definition;

(a) in the case of a corporation or other business entity becoming a Subsidiary of the Issuer after the end of the financial period to which the latest consolidated audited accounts of the Issuer relate, the reference to the then latest consolidated audited accounts of the Issuer for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer for the financial period in which the relevant corporation or other business entity becomes a Subsidiary of the Issuer are published, be deemed to be a reference to the then latest consolidated audited accounts of the Issuer adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary of the Issuer which itself has Subsidiaries) of such Subsidiary in such accounts;

(b) if the accounts of any Subsidiary of the Issuer (not being a Subsidiary of the Issuer referred to in proviso (a) above of this definition) are not consolidated with those of the Issuer, then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if available) with the pro forma consolidated accounts (determined on the basis of the foregoing) of the Issuer; and

(c) in relation to any Subsidiary of the Issuer, each reference in proviso (a) or (b) above to all or any of the accounts (consolidated or otherwise) of such Subsidiary shall be deemed to be a reference to the relevant audited accounts of such Subsidiary if it customarily prepares accounts which are audited and, if not, to the relevant unaudited accounts of such Subsidiary which shall be certified by any director of such Subsidiary as having been properly prepared in accordance with generally accepted accounting principles applicable to such Subsidiary; or

(iv) to which is transferred the whole or substantially the whole of the assets of a Subsidiary of the Issuer which immediately prior to such transfer was a Principal Subsidiary, *provided that* (xx) the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall forthwith become a Principal Subsidiary and (yy) on or after the date on which the first published audited accounts (consolidated, if appropriate) of the Issuer prepared as of a date later than such transfer are issued, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined on the basis of such accounts by virtue of the provisions of paragraphs (i), (ii) or (iii) above of this definition.

A certificate signed by an Authorised Signatory stating that a Subsidiary is or is not or was or was not at any particular time or during any particular period a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Trustee, the Agents and the Noteholders.

9. PRESCRIPTION

Claims for principal, premium (if any) and interest on redemption shall become void unless the relevant Note Certificates are surrendered for payment within ten years (in the case of principal or premium (if any)) and five years (in the case of interest) of the appropriate Relevant Date.

10. REPLACEMENT OF NOTE CERTIFICATES

If any Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer, the Registrar or the relevant Transfer Agent may reasonably require. Mutilated or defaced Note Certificates must be surrendered before replacements will be issued.

11. TRUSTEE AND AGENTS

Under the Trust Deed, the Trustee is entitled to be indemnified and/or pre-funded and/or provided with security to its satisfaction as well as relieved from responsibility in certain circumstances, including without limitation provisions relieving it from taking steps, actions or proceedings to enforce payment or taking other actions unless first indemnified and/or secured and/or pre-funded to its satisfaction, and to be paid its fees, costs, expenses and indemnity payments in priority to the claims of the Noteholders. The Trustee and its affiliates are entitled (i) to enter into business transactions with the Issuer and/or any related entity and to act as trustee for the holders of any other securities issued by, or relating to, the Issuer and any entity related to the Issuer, (ii) to exercise and enforce their rights, comply with their obligations and perform their duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

In the exercise of its functions, rights, powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual Holders of Notes as a result of any circumstances particular to individual Holders of Notes, including but not limited to, such Holders being connected in any way with a particular territory or taxing jurisdiction.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer and any other person appointed by the Issuer in relation to the Notes of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Noteholder, the Issuer or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Noteholders. The Trustee shall be entitled to rely on any direction, request or resolution of Noteholders given by Noteholders holding the requisite principal amount of Notes outstanding or passed at a meeting of Noteholders convened and held in accordance with the Trust Deed.

Each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each Noteholder shall not rely on the Trustee in respect thereof.

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The initial Agents and their initial Specified Offices are listed below. The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar or principal paying agent and additional or successor paying agents and transfer agents; provided, however, that the Issuer shall at all times maintain a principal paying agent and a registrar.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given by the Issuer to the Noteholders.

12. MEETINGS OF NOTEHOLDERS; MODIFICATION AND WAIVER

(a) *Meetings of Noteholders*: The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions, the Trust Deed or the Agency Agreement. Any such modification may be made if sanctioned by an Extraordinary Resolution of Noteholders. Such a meeting may be convened by the Issuer or by the Trustee and shall be convened by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum at any meeting convened to vote on an Extraordinary Resolution of Noteholders will be two or more persons holding or representing more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however*, that certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to effect the exchange, conversion or substitution of the Notes for other obligations or securities, to amend Condition 3 (*Covenants*), to change the currency in which amounts due in respect of the Notes are payable or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution of Noteholders (each, a "**Reserved Matter**")) may only be sanctioned by an Extraordinary Resolution of Noteholders passed at a meeting of Noteholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution of Noteholders duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of Noteholders, who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed, holding not less than 75 per cent. in aggregate principal amount of the Notes outstanding, will take effect as if it were an Extraordinary Resolution of Noteholders. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

So long as the Notes are represented by the Global Note Certificate, Extraordinary Resolution of Noteholders includes a consent given by way of electronic consents through the relevant clearing system(s) by or on behalf of all the Noteholders of not less than 75 per cent in aggregate principal amount of the Notes for the time being outstanding.

(b) *Modification and waiver*: The Trustee may, without the consent of the Noteholders, agree to any modification of these Conditions or the Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, not materially prejudicial to the interests of Noteholders and to any modification of the Notes or the Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error. In addition, the Trustee may, without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Notes or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Any such modification, waiver or authorisation shall be binding on the Noteholders and, unless the Trustee agrees otherwise, any such modification, waiver or authorisation shall be binding on the Noteholders and shall be notified to the Noteholders by the Issuer as soon as practicable thereafter.

(c) *Directions from Noteholders*: Notwithstanding anything to the contrary in the Notes, the Trust Deed and/or the Agency Agreement, whenever the Trustee is required or entitled by these Conditions, the Trust Deed and/or the Agency Agreement to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to seek directions from the Noteholders by way of an Extraordinary Resolution of Noteholders and seek clarification of any such directions and shall have been indemnified and/or provided with security and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions or clarifications.

(d) *Certificates and Reports*: The Trustee may rely without liability to Noteholders on a report, advice, opinion, confirmation or certificate or any advice of any lawyers, valuers, accountants (including auditors and surveyors), financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, opinion or certificate or advice and such report, confirmation, opinion or certificate or advice shall be binding on the Trustee and the Noteholders and if so provided by the Issuer, the Issuer.

13. ENFORCEMENT

The Trustee may at any time, at its discretion and without notice, take such actions or steps or institute such proceedings as it thinks fit to enforce its rights under the Trust Deed or the Notes, but it shall not be bound to do so unless:

(a) it has been so requested in writing by the Holders of at least one-quarter of the aggregate principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution of Noteholders; and

(b) it has been indemnified and/or provided with security and/or pre-funded to its satisfaction.

No Noteholder may proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

14. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, the first payment of interest and the timing to perform and complete the NDRC Post-issue Reporting and the Foreign Debt Registration) so as to form a single series with the Notes. However, such further notes may only be issued if (i) the Rating Agency which has provided credit ratings in respect of the Notes has been informed of such issue; and (ii) such issue will not result in any adverse change in the then credit rating of the Notes. The Issuer may from time to time, with the consent of the Trustee, create and issue other series of notes having the benefit of the Trust Deed, *provided that* such supplemental documents are executed and further opinions are obtained as the Trustee may require as further set out in the Trust Deed.

15. NOTICES

Notices to the Noteholders will be sent to them by uninsured mail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

Until such time as any individual Note Certificates are issued and so long as the Global Note Certificate is held in its entirety on behalf of Euroclear and Clearstream any notice to the Noteholders shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

16. CURRENCY INDEMNITY

If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify the Trustee and each Noteholder, on the written demand of the Trustee or such Noteholder addressed to the Issuer and delivered to the Issuer, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which the Trustee or such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

17. GOVERNING LAW AND JURISDICTION

(a) *Governing law*: The Notes and the Trust Deed and any non-contractual obligations arising out of or in connection with the Notes and the Trust Deed are governed by English law.

(b) *Jurisdiction*: The Issuer has in the Trust Deed (i) agreed for the benefit of the Trustee and the Noteholders that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including any non-contractual obligation arising out of or in connection with the Notes); (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; (iii) designated The Law Debenture Corporation (H.K.) Limited (currently at Suite 1301, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong) to accept service of any process on its behalf; (iv) consented to the enforcement of any judgment; and (v) to the extent that it may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), agreed not to claim and irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Global Note Certificate contains provisions which apply to the Notes while they are in global form, some of which modify the effect of the Terms and Conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions. Terms defined in the Terms and Conditions set out in this Offering Circular have the same meaning in the paragraphs below.

The Notes will be in registered form in the denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. The Notes will be represented by a Global Note Certificate, which will be registered in the name of a nominee of, and deposited on or about the Issue Date with, a common depositary for Euroclear and Clearstream. Beneficial interests in the Global Note Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream.

Under the Global Note Certificate, the Issuer, for value received, will promise to pay such principal, interest and premium (if any) on the Notes to the holder of the Notes on such date or dates as the same may become payable in accordance with the Terms and Conditions of the Notes.

The Global Note Certificate will become exchangeable in whole, but not in part, for Individual Note Certificates if (a) Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 8 (*Events of Default*) occurs.

Whenever the Global Note Certificate is to be exchanged for Individual Note Certificates, such Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Note Certificate within five business days of the delivery, by or on behalf of the registered holder of the Global Note Certificate, Euroclear and/or Clearstream to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names such Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Note Certificate at the Specified Office (as defined in the Terms and Conditions of the Notes) of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any Noteholder or the Trustee, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

In addition, the Global Note Certificate will contain provisions that modify the Terms and Conditions of the Notes as they apply to the Notes evidenced by the Global Note Certificate. The following is a summary of certain of those provisions:

Payments on business days: In the case of all payments made in respect of the Global Note Certificate "**business day**" means any day which is a day on which commercial banks are open for business (including dealings in foreign currencies) in the city in which the Register has its specified office.

Payment Record Date: Each payment made in respect of the Global Note Certificate will be made to the person shown as the registered holder of the Global Note Certificate in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which this Global Note Certificate is being held is open for business.

Exercise of put option: In order to exercise the option contained in Condition 5(c) (*Redemption for a Relevant Event*) (the "**Put Option**"), the registered holder of the Global Note Certificate must, within the period specified in the Terms and Conditions of the Notes for the deposit of the relevant Note Certificate and put exercise notice, give written notice of such exercise to the Principal Paying Agent, in accordance with the rules and procedures of Euroclear, Clearstream, and/or any other relevant clearing system, specifying the principal amount of Notes in respect of which the Put Option is being exercised. Any such notice shall be irrevocable and may not be withdrawn.

USE OF PROCEEDS

The gross proceeds from the offering of the Notes is U.S.$350,000,000. The proceeds, after deducting the underwriting commissions and other estimated expenses payable in connection with the offering of the Notes, will be used to fund the development and construction of the Group's operational projects and refinance the Group's existing indebtedness.

EXCHANGE RATE INFORMATION

The PBOC sets and publishes daily a central parity rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. The PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. From 1994 to 20 July 2005, the conversion of Renminbi into foreign currencies was based on rates set daily by the PBOC on the basis of the previous day's inter-bank foreign exchange market rates and then current exchange rates in the world financial markets. During this period, the official exchange rate for the conversion of Renminbi to U.S. dollars remained generally stable. Although the PRC government introduced policies in 1996 to reduce restrictions on the convertibility of Renminbi into foreign currencies for current account items, conversion of Renminbi into foreign currencies for capital items, such as foreign direct investment, loan principals and securities trading, still requires the approval of SAFE and other relevant authorities. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. The PBOC has enlarged the floating band several times since then. On 17 March 2014, the floating band for the trading prices in the inter-bank foreign exchange market of the Renminbi against the U.S. dollar was expanded to 2 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 2 per cent. above or below the central parity rate published by PBOC. From 21 July 2005 to 30 June 2015, the value of the Renminbi appreciated by approximately 33.5 per cent. against the U.S. dollar. Subsequently, the Renminbi depreciated 4.3 per cent. from 30 June 2015 to 31 December 2015. Since 2016, the exchange rate of Renminbi against the U.S. dollar experienced further fluctuation. Following the gradual appreciation against U.S. dollar in 2017, Renminbi experienced a recent depreciation in value against U.S. dollar followed by a fluctuation in 2018 and 2019. The PBOC authorised the China Foreign Exchange Trading Centre, effective since 4 January 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi on each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over-the-counter exchange rate for the business day.

The following table sets forth the noon buying rate for U.S. dollars in New York City for cable transfer in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York for the periods indicated as set forth in the H.10 statistical release of the Federal Reserve Board:

	Noon buying rate			
Period	**Period end**	**Average**	**High**	**Low**
	(RMB per U.S.$100)			
2014	6.2046	6.1704	6.2591	6.0402
2015	6.4778	6.2869	6.4896	6.1870
2016	6.9430	6.6549	6.9580	6.4480
2017	6.5063	6.7350	6.9575	6.4773
2018	6.8755	6.6292	6.9737	6.2649
2019	6.9618	6.9014	7.1786	6.6822
2020	6.5250	6.8878	7.1681	6.5208
2021	6.3726	6.4382	6.5716	6.3435
2022				
January	6.3610	6.3556	6.3822	6.3206
February	6.3084	6.3436	6.3660	6.3084
March	6.3393	6.3446	6.3720	6.3116
April	6.6080	6.4310	6.6243	6.3590
May	6.6715	6.6990	6.7880	6.6079
June	6.6981	6.6952	6.7530	6.6534
July	6.7433	6.7352	6.7655	6.6945
August (through 19 August)	6.8164	6.7625	6.8164	6.7230

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated total indebtedness (both short-term and long-term portions), total owner's equity and total capitalisation of the Group as at 31 December 2021 (i) on an actual basis, and (ii) on an adjusted basis to give effect to the issue of the Notes before deducting the underwriting commissions and other estimated expenses payable in connection with the offering of the Notes.

The following table should be read in conjunction with the 2021 Audited Financial Statements and the notes thereto included elsewhere in this Offering Circular.

	As at 31 December 2021			
	Actual		**As adjusted**	
	(RMB'000)	*(U.S.$'000)*[1]	*(RMB'000)*	*(U.S.$'000)*
Short-term indebtedness				
Short-term borrowings	200,800.0	31,509.9	200,800.0	31,509.9
Current portion of non-current liabilities	8,458,811.3	1,327,372.1	8,458,811.3	1,327,372.1
Total short-term indebtedness	**8,659,611.3**	**1,358,882.0**	**8,659,611.3**	**1,358,882.0**
Long-term indebtedness				
Long-term borrowings	10,370,145.2	1,627,302.1	10,370,145.2	1,627,302.1
Bonds payables	6,573,891.5	1,031,587.0	6,573,891.5	1,031,587.0
Notes to be issued	—	—	2,230,410.0	350,000.0
Total long-term indebtedness	**16,944,036.7**	**2,658,889.1**	**19,174,446.7**	**3,008,889.1**
Total indebtedness	**25,603,648.0**	**4,017,771.1**	**27,834,058.0**	**4,367,771.1**
Total owners' equity	**19,000,600.3**	**2,981,608.8**	**19,000,600.3**	**2,663,514**
Total capitalisation[2]	**44,604,248.3**	**6,999,379.9**	**46,834,658.3**	**7,349,379.9**

Notes:

(1) For convenience only, all translation from Renminbi into U.S. dollars are made at a rate of RMB6.3726 to U.S.$1.00, based on the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 30 December 2021.

(2) Total capitalisation equals the sum of total short-term indebtedness, total long-term indebtedness and total owners' equity.

In January 2022, the Issuer issued medium-term notes with an aggregate principal amount of RMB700 million with an interest rate of 3.13 per cent. These medium-term notes will mature on 27 January 2025.

In June 2022, the Issuer issued privately placed corporate bonds with an aggregate principal amount of RMB1,000 million with an interest rate of 3.89 per cent. These corporate bonds will mature on 29 June 2027.

In August 2022, the Issuer issued privately placed corporate bonds with an aggregate principal amount of RMB500 million with an interest rate of 3.48 per cent. These corporate bonds will mature on 17 August 2027.

The unaudited and unreviewed 2022 Interim Accounts had shown an increase in the Group's total indebtedness as at 30 June 2022 as compared to that as at 31 December 2021. This was primarily due to a significant increase in the Group's long-term borrowings and bonds payable as at 30 June 2022 as compared to the balances as at 31 December 2021, despite the decreases in short-term borrowings and current portion of non-current liabilities at at 30 June 2022 as compared to the balances as at 31 December 2021.

Except as otherwise disclosed above, there has been no material change in the total capitalisation of the Issuer since 31 December 2021.

DESCRIPTION OF THE GROUP

OVERVIEW

Established on 28 December 2007 with the approval of Zhengzhou Municipal Government, the Issuer is a wholly state-owned enterprise that serves as one of the most important investment and financing platforms for infrastructure construction in Zhengzhou under the direct supervision and administration of Zhengzhou SASAC. The Group finances, develops and operates Zhengzhou's key infrastructure. The Group has participated in a wide range of infrastructure construction projects including key public facilities, major roadways and stations and resettlement housings. Its extensive operational experience over key infrastructure construction projects in Zhengzhou has provided it with in-depth regional knowledge and strong technical capabilities that allows it to handle large and complex construction projects. The Group's businesses can be categorised into four principal business segments, namely, PPP project investment and management, project settlement and construction, hotel operation and ancillary businesses:

- ***PPP project investment and management***: PPP project investment and management is the core business segment of the Group. The Group is a key infrastructure investor and PPP project investment and management service provider in Zhengzhou, ensuring the continuous operation and maintenance of major infrastructure such as highways, roads, bridges and tunnels. For the years ended 31 December 2019, 2020 and 2021, revenue attributed to the Group's PPP project investment and management business was RMB628.7 million, RMB628.7 million and RMB27.2 million, respectively, representing 51.2 per cent., 54.8 per cent. and 2.3 per cent. of the Group's total revenue, respectively. Due to the implementation of the relevant applicable New Accounting Policies and Requirements since 2021, revenue recognition policies for the existing PPP projects of the Group have been changed. Under the new revenue recognition policies, the revenue attributed to the Group's PPP project investment and management decreased significantly for the year ended 31 December 2021 compared to revenue that would have been recognised under the prior accounting policies. The Group expects that, going forward, with the diversification of its businesses and after the commencement of operations of various PPP projects of the Group, revenue from the Group's PPP project investment and management will become more stable and gradually increase. See "*Risk Factors — Risks relating to Financial and Other Information — Certain accounting items in the Audited Financial Statements may not be comparable to the financial information in the consolidated financial statements of the Issuer for the previous periods*".

- ***Project settlement and construction***: The Group is a key contractor for the development and construction of public infrastructure in Zhengzhou. This business complements the Group's PPP project investment and management business. The Group participated in the construction of key infrastructure projects including Zhengzhou Grand Theatre (鄭州大劇院), Zhengzhou Community Centre (鄭州市民活動中心) and Zhongyuan New District Project (中原新區). For the years ended 31 December 2019, 2020 and 2021, revenue attributed to the Group's project settlement and construction business was RMB138.7 million, RMB351.8 million and RMB964.7 million, respectively, representing 11.3 per cent., 30.6 per cent. and 81.5 per cent. of the Group's total revenue, respectively. Due to the implementation of the relevant applicable New Accounting Policies and Requirements since 2021, revenue derived from the Group's Jialu River Comprehensive Management Ecological Greening Engineering PPP Project (賈魯河綜合治理生態綠化工程PPP項目) in the current stage of construction has been recognised in accordance with the construction progress under the item "project settlement and basic construction income" reported in the audited consolidated financial statements as at and for the year ended 31 December 2021. Under the new revenue recognition policies, the revenue attributed to the Group's project settlement and construction business increased significantly for the year ended 31 December 2021 compared to the revenue that would have been recognised under the prior accounting policies. The Group expects that, going forward, with the diversification of its businesses, revenue from project settlement and construction will continue to be higher than revenue recognised in prior periods. See "*Risk Factors — Risks relating to Financial and Other Information — Certain accounting items in the Audited Financial Statements may not be comparable to the financial information in the consolidated financial statements of the Issuer for the previous periods*".

- ***Hotel operation***: The Group operates two hotels, Zhengzhou Yellow River Hotel and Zhengzhou Mount Song Hotel. For the years ended 31 December 2019, 2020 and 2021, revenue attributed to the Group's hotel operation business was RMB147.9 million, RMB99.0 million and RMB104.2 million, respectively, representing 12.1 per cent., 8.6 per cent. and 8.8 per cent. of the Group's total revenue, respectively.

- ***Ancillary businesses***: The Group has been expanding its scope of businesses to diversify its sources of revenue. These ancillary businesses include management consultancy, trading, technology service and precast construction.

The following table sets forth a breakdown of the Group's total revenue by business segment in absolute amounts and as a percentage of its total revenue for the periods indicated:

	Year ended 31 December					
	2019		2020		2021	
	RMB (million)	*Per cent. of total*	*RMB (million)*	*Per cent. of total*	*RMB (million)*	*Per cent. of total*
PPP project investment and management[(1)]	628.7	51.2	628.7	54.8	27.2	2.3
Project settlement and construction[(2)]	138.7	11.3	351.8	30.6	964.7	81.5
Hotel Operation[(3)]	147.9	12.1	99.0	8.6	104.2	8.8
Ancillary Businesses[(4)]	311.5	25.4	68.8	6.0	88.2	7.4
Total	**1,226.80**	**100.0**	**1,148.30**	**100.0**	**1,184.3**	**100.0**

Notes:

(1) Revenue from this business comprises revenues from "PPP income" reported in the Audited Financial Statements of the respective period.

(2) Revenue from this business comprises revenues from "project settlement and basic construction income" reported in the Audited Financial Statements of the respective period.

(3) Revenue from this business comprises revenues from "hotel operating income" reported in the Audited Financial Statements of the respective period.

(4) Revenue from this business comprises revenues from "management consulting income", "business service income", "technical service income", "prefabricated components income" and "other business income" reported in the Audited Financial Statements of the respective period.

The following table sets forth a breakdown of the Group's gross profit or gross loss by business segment for the periods indicated:

	Year ended 31 December					
	2019		2020		2021	
	RMB (million)	*Per cent. of total*	*RMB (million)*	*Per cent. of total*	*RMB (million)*	*Per cent. of total*
PPP project investment and management[(1)]	235.3	47.1	235.3	56.8	2.2	1.2
Project settlement and construction[(2)]	54.3	10.9	109.2	26.4	65.9	34.4
Hotel Operation[(3)]	114.8	23.0	74.8	18.1	78.3	40.9
Ancillary Businesses[(4)]	95.5	19.1	-5.0	-1.2	45.3	23.6
Total	**499.9**	**100.0**	**414.3**	**100.0**	**191.7**	**100.0**

Notes:

(1) Gross profit from this business is calculated from deducting costs of sales from revenues of "PPP income" reported in the Audited Financial Statements of the respective period.

(2) Gross profit from this business is calculated from deducting costs of sales from revenues of "project settlement and basic construction income" or the sum of "project settlement income" and "basic construction income" reported in the Audited Financial Statements of the respective period.

(3) Gross profit from this business is calculated from deducting costs of sales from revenues of "hotel operating income" reported in the Audited Financial Statements of the respective period.

(4) Gross profit from this business is calculated from deducting costs of sales from revenues of "management consulting income", "business service income", "technical service income", "prefabricated components income" and "other business income" reported in the Audited Financial Statements of the respective period.

As at 31 December 2019, 2020 and 2021, the Group's total assets were RMB42,322.2 million, RMB44,090.2 million and RMB47,612.0 million, respectively. For the years ended 31 December 2019, 2020 and 2021, the Group's net profit was RMB42.1 million, RMB20.9 million and RMB49.9 million, respectively. As at the date of this Offering Circular, the Issuer had a registered capital of RMB1,000 million.

OVERVIEW OF HENAN PROVINCE AND ZHENGZHOU

Located in the centre of China and on the southern bank of the Yellow River, Henan Province serves as a gateway to other parts of China. Being the third largest province in China in terms of registered population according to the Seventh National Census Communiqué (第七次全國人口普查公報) published by the National Bureau of Statistics of China in 2021, Henan Province also enjoys a sufficient supply of labour resources and a large consumer market. Zhengzhou, the capital of Henan Province, is located at the intersection of the Beijing-Guangzhou Railway and Longhai Railway. It serves as a main transportation hub between central and other parts of China and occupies a key position in the national railway and highway network, and is the only nation-wide "Crossroads" ("米"字形) central city connecting two high-speed railway lines. Furthermore, Zhengzhou International Airport, as one of the flagship projects for the "One Belt One Road" initiative, is the only national level pilot airport economic zone in China. Zhengzhou was also designated by the State Council as one of the nine national central cities in China in 2016.

Zhengzhou is the capital of Henan Province. As one of the core cities in the metropolitan areas located close to Beijing and one of the few cities that is charged with the implementation of the Central Region Rejuvenation Strategy (中部崛起戰略), Zhengzhou has attracted an influx of business and commercial activities from other parts of China. Tracing its presence to the prehistoric Yangshao Culture more than 5,300 years ago and home to one of the eight antique cities of ancient China, Zhengzhou is widely acclaimed as a cradle city of Chinese civilisation, and has become a historic and cultural cornerstone of modern China. Zhengzhou has continued to focus on growing its GDP, population and GDP per capita. Zhengzhou's prime geographical location, advanced transportation network, strong industry presence and renowned cultural attractions have contributed to its continuous economic growth. According to the Statistics Bureau of Zhengzhou Municipal Government, Zhengzhou's GDP increased from RMB491.3 billion in 2011 to RMB1,269.1 billion in 2021, representing a compound average growth rate of 9.95 per cent. Based on its GDP in 2021, Zhengzhou ranked first among all the cities in Henan Province and 16th nationwide. Zhengzhou accounted for approximately 21.6 per cent. of Henan Province's GDP in 2021.

The strategic location and strong and stable economic growth of Zhengzhou, coupled with the favourable policies of the PRC government and the Zhengzhou Municipal Government, provide a favourable business environment for the business development of the Issuer. As all of its businesses and operations are located in Zhengzhou, the Issuer believes that it is and will continue to be well-positioned to benefit from Zhengzhou's economic strength and growing competitiveness.

COMPETITIVE STRENGTHS

The Group believes that its competitive strengths as outlined below distinguish it from its competitors and are important to its success and future development:

Strategic relationship with and support from Zhengzhou Municipal Government

Over the past decade, the Group, being the key investment and financing vehicle for infrastructure construction of Zhengzhou SASAC, has established robust working relationships with Zhengzhou Municipal Government and its agencies and has become a reliable business partner to them. In particular, the Group's investment and financing capabilities can help reduce the financial pressure that Zhengzhou Municipal Government may face in accelerating the urbanisation process, enhancing the local economy and improving industry structure. Over the years, Zhengzhou SASAC and Zhengzhou Municipal Government have transferred key infrastructure assets into the Group for the Group's management and operation, which have been conducive to the development and expansion of the Group's businesses.

The Issuer is directly supervised by Zhengzhou SASAC. With the direction and support of Zhengzhou SASAC as its ultimate shareholder, the Group quickly gained access to significant market opportunities and achieved a strong presence in the infrastructure construction market in Zhengzhou. The Group was the first entity among the eight investment and financing platforms in Zhengzhou to achieve the following:

- to issue corporate bonds (securities code: 12 Zhengzhou Urban Construction Bonds (12鄭州城投債)) on the China Interbank Bond Market. The Issuer was rated AA+ by Pengyuan Credit Rating Co., Ltd. (鵬元資信評估有限公司) in 2012. The aggregate principal amount of such bonds was RMB1,600 million;

- to issue private placement notes (securities code: 14 Zhengzhou Urban Construction PPN 001 (14鄭州城建PPN001)) on the China Interbank Bond Market as a non-financial institution and a municipal financing and investment vehicle in Zhengzhou. The aggregate principal amount of such notes was RMB1,000 million;

- to secure funding from insurance funds. The Group registered with China Insurance Asset Management Association for its PICC-Zhengzhou Urban Construction Debt Investment Plan (人保 — 鄭州城建債券投資計劃) with an aggregate principal amount of RMB800 million and a maturity term of three years; The Group also registered its CPIC-Zhengzhou Urban Construction Debt Investment Plan (太平洋保險 — 鄭州城建債券投資計劃) with an aggregate principal amount of RMB1,000 million and maturity term of seven years;

- to take part in the construction of a highway, the Jingguang Highway, the first highway to straddle the border for the northern and southern regions of China. The construction period took close to two years and was awarded the "Luban" Award for 2014-2015; Jingguang Highway Phase I is also the first construction project to commence its construction among the key projects of the Crisscross Zhengzhou (暢通鄭州) plan issued by Zhengzhou Municipal Government which aims to, among other things, transform Zhengzhou into an international transportation hub connecting over 30 cities nationwide and worldwide;

- to take part in a public-private partnership, or PPP project, 107 Side Road to Highway Alteration Construction (107輔道快速化工程), in Zhengzhou. This project was listed as a National PPP Model Construction Project; and

- to establish a post-graduate student training centre and academician work station. The Group has established a post-graduate student training centre with Zhengzhou University. The Group also established a work station with scholar Wang Fuming (王復明) and his team focusing on underground non-destructive testing and underground exploration applied technology and to cultivate talent in relevant fields.

There are several policies favouring the construction industry of Zhengzhou. At the end of 2016, the State Council approved and supported Zhengzhou to become a national central city, and NDRC issued the Guidance on Building Zhengzhou as a National Central City (關於支持鄭州建設國家中心城市的指導意見). The Henan committee of the Chinese Communist Party issued the Advice on Enhancing Construction Quality of Hundred Cities (關於推進百城建設提質工程的意見). These policies seek to buttress the development of Zhengzhou as a national central city with strong support from the PRC government and Zhengzhou's economy is expected to maintain a stable growth rate in the future.

Key role in the development of Zhengzhou's infrastructure sector

The Group is a major infrastructure construction service provider in Zhengzhou that enjoys a strong market presence. The Group has taken part in infrastructure projects that have been key to the urban development of Zhengzhou. These projects include:

- Zhengzhou Grand Theatre and Zhengzhou Community Centre: Zhengzhou Grand Theatre and Zhengzhou Community Centre are crucial facilities within the Zhengzhou Civil Cultural Service Area. They were constructed as part of the initiatives undertaken by the Zhengzhou Municipal Government in response to Several Advices on Further Enhancing City Zoning and Construction Management issued by the Central Committee of the Chinese Communist Party and the State Council (中共中央國務院關於進一步加強城市規劃建設管理工作的若干意見) and Zhengzhou Municipal Government's 13th Five Year Plan to promote cultural heritage and modernise municipal services. The 11th National Traditional Games of Ethnic Minorities (第十一屆全國少數民族傳統體育運動會) was held in these facilities in 2019. The aggregate construction areas of Zhengzhou Grand Theatre and Zhengzhou Community Centre are approximately 126.0 thousand square metres and approximately 211.0 thousand square metres, respectively;

- Jialu River Comprehensive Ecological Improvement and Greening Project: This project improved the ecology, landscape and facilities along the Jialu River. The aggregate construction area is approximately 1,023.9 hectares; and

- Resettlement Housing Construction of Zhongyuan New District: Resettlement housing construction improved living conditions of certain rural areas at Zhongyuan New District. It included two construction phases, covering four villages and road-related facilities. The aggregate construction area was approximately 1,828.3 thousand square metres.

The Group's extensive operational experience over key infrastructure construction projects in Zhengzhou has provided it with in-depth regional knowledge and strong technical capabilities. The strength of the Group's technical knowledge, local connections and broad experience allow the Group to anticipate challenges and deliver specialised solutions across a project's entire lifecycle, enabling it to continue to be a preferred service provider for infrastructure construction in Zhengzhou. The region's urbanisation plan, which heightens the need for infrastructure, transportation and trade developments, is expected to continue to provide the Group with market opportunities. Accordingly, the Group expects to continue to engage in infrastructure projects that are key to the urban development of Zhengzhou.

Sound and effective risk management system and prudent financial structure

The Group has adopted a set of comprehensive policies and guidelines to ensure a prudent and sustainable expansion of its business. At the top, the Issuer has risk management policies led by the board of directors and management of the Issuer to consider and review all major decisions, appointment and discharge of major positions, major project related arrangements and decisions with substantial capital involved. The Group has also put in place governance measures regarding internal audits, related party transactions, external guarantees and capital funding. The Group believes that these measures will facilitate its evaluation, control and prevention of operational risks, enhance the transparency of its decision making and provide support for its long-term growth.

The Group puts great emphasis on maintaining a prudent financial structure, which is key to sustainable business development and maximising returns on its investments. The Group has adopted disciplined management and investment measures to achieve greater financial efficiency. For example, the Group has maintained an adequate level of cash balance to fulfil its liquidity needs and has made investments which are in line with its core businesses and Zhengzhou Municipal Government's strategic development. In addition, the Group has prudently managed its balance sheet by maintaining its debt ratio at a level that it considers to be reasonable. The Group closely monitors and controls its indebtedness level through proactively managing the maturity profile of its indebtedness. As at 31 December 2021, RMB8,659.61 million of the Group's total indebtedness would become due within one year.

Strong financing capability with diversified financing channels

The Group has access to diversified financing channels to fund its projects. The Group established strategic relationships and cooperated closely with a number of major commercial banks. The Group maintains a good credit rating with these commercial banks which helps the Group obtain financings on competitive terms. In addition, as an important regional state-owned enterprise, the Group has ready access to the debt market in the PRC to fund its capital needs. The Group was the first municipal government-owned non-financial institution enterprise in Zhengzhou to issue corporate bonds on the China Interbank Bond Market. The Group had also in the past successfully issued private placement notes of RMB3,800 million in aggregate principal amount, mid-term notes of RMB2,000 million in aggregate principal amount and debt investment plans of RMB1,800 million in aggregate principal amount. As at 31 December 2021, the Group received credit facilities from 16 banks in a total amount of RMB25,240 million, of which RMB13,751 million had not been used as at the same date. Set forth below is a list of credit facilities the Group received from various banks and financial institutions, and the amount it has utilised, as at 31 December 2021:

Lender	**Total credit facilities amount**	**Drawndown credit facilities amount**	**Amount available**
	RMB (million)	*RMB (million)*	*RMB (million)*
Postal Savings Bank of China Co., Ltd. (郵儲銀行)	5,860	2,093	3,767
Industrial and Commercial Bank of China Limited (工商銀行)	5,600	2,484	3,116
China Construction Bank Corporation (建設銀行)	2,692	1,497	1,195
Bank of China (中國銀行)	2,200	745	1,455
Bank of Communications Co., Ltd. (交通銀行)	1,536	653	883
Bank of Zhengzhou (鄭州銀行)	1,350	800	550
Agricultural Bank of China (中國農業銀行)	1,030	929	101
Huaxia Bank (華夏銀行)	1,000	110	890
Shanghai Pudong Development Bank (上海浦東發展銀行)	1,000	394	606
Ping An Bank (平安銀行)	900	300	600
China CITIC Bank (中信銀行)	600	566	34
China Everbright Bank Co., Ltd (光大銀行)	460	300	160
China Merchants Bank Co., Ltd. (招商銀行)	312	122	190
China Minsheng Banking Corp., Ltd. (民生銀行)	300	200	100
China Bohai Bank Co., Ltd. (渤海銀行)	300	200	100
China Zheshang Bank (浙商銀行)	100	96	4
Total/Overall	**25,240**	**11,489**	**13,751**

Ready access to multiple financing channels has given the Group the flexibility to optimise its indebtedness profile. With its diverse sources of financing, the Group believes that it will continue to have sufficient capital to support its business operations and its projects.

Dedicated senior management with extensive experience and in-depth industry knowledge

The Group's senior management team and key operating personnel have extensive experience in the businesses the Group conducts, with expertise in project management, finance and accounting, construction, operation and human resources management. A number of directors, supervisors and senior management have previously served as senior officials within various state-owned enterprises and government departments in Henan Province, offering insights and knowledge on governmental priorities in urban development infrastructure construction. Senior management's understanding of the regulatory framework and government policies enables the Group to calibrate its business measures. For further information, see "*Directors, Supervisors and Management*".

The Group's experienced management team is also supported by a dedicated team of staff with extensive technical and industry knowledge. The Group believes in the benefits of improving the skills and knowledge of its management team and employees and regularly conducts both in-house and external management and professional training programs.

BUSINESS STRATEGIES

The Group strives to strengthen its position as the key integrated infrastructure construction group in Zhengzhou. To achieve this goal, the Group plans to adopt the following strategies:

Maintain the Group's position as a major infrastructure investment, construction and management service provider in Zhengzhou

The Group will continue to focus on developing its business within the infrastructure sector. The Group will dedicate its efforts to solidifying its position as a major infrastructure investment, construction and management service provider in Zhengzhou through continuous improvement and innovation. The Group plans to continue to enhance the integration of its full range of expertise, encompassing infrastructure design, financing, construction and operation. The Group intends to continue to work closely with the Zhengzhou Municipal Government to explore innovative models to participate in infrastructure construction projects. The Group believes that this will further strengthen its strategic position in implementing Zhengzhou Municipal Government's plan for infrastructure construction.

Continue to focus on and improve productivity and operational efficiency

The Group's operations will continue to benefit from its ongoing initiatives designed to improve productivity and operational efficiency. The Group plans to improve employee productivity through well-planned training programs specially designed for employees with different roles and responsibilities, and link employee performance with career development and compensation. The Group also intends to continue to dedicate financial and other resources to its research and development activities to foster technology and production innovations and to achieve savings in maintenance costs and other operating costs.

Continue to explore diverse financing channels and optimise the Group's debt structure

The Group intends to continue to maintain a close relationship with various banks and financial institutions in the PRC to source funding for its new projects in a timely manner. The Group plans to maintain regular contact with various commercial banks and financial institutions in the PRC to obtain up-to-date information, and carry out negotiations in relation to financing and secure funding for its projects. The Group will also closely follow recent national credit policies, further develop the PPP model in its operations and explore new financing channels to diversify its sources of financing. The Group also intends to optimise its funds' management system to further enhance its efficient use of proceeds from bank loans and onshore debts.

RECENT DEVELOPMENT

Issuance of debt instruments since 31 December 2021

In January 2022, the Issuer issued medium-term notes with an aggregate principal amount of RMB700 million with an interest rate of 3.13 per cent. These medium-term notes will mature on 27 January 2025.

In June 2022, the Issuer issued privately placed corporate bonds with an aggregate principal amount of RMB1,000 million with an interest rate of 3.89 per cent. These corporate bonds will mature on 29 June 2027.

In August 2022, the Issuer issued privately placed corporate bonds with an aggregate principal amount of RMB500 million with an interest rate of 3.48 per cent. These corporate bonds will mature on 17 August 2027.

Unaudited and unreviewed interim financial accounts

The Issuer has prepared its unaudited and unreviewed consolidated 2022 Interim Accounts. No audit or review has been performed on the 2022 Interim Accounts and the financial information in the 2022 Interim Accounts may change if it is subject to an audit or a review. Such unaudited and unreviewed assessment should not be taken as an indication of the Group's business, financial condition or results of operation expected for these periods and potential investors should not rely on such interim financial information to evaluate the Group's financial condition and results of operation for these periods or the full year ending 31 December 2022. Interim results are not necessarily indicative of the Group's results to be expected for the full year. The 2022 Interim

Accounts does not form part of this Offering Circular and should not be referred to or relied upon by potential investors. Potential investors must exercise extensive caution when using such information to evaluate the Group's financial condition and results of operations.

According to the unaudited and unreviewed 2022 Interim Accounts, the Group recorded a slight decrease in its total revenue for the six months ended 30 June 2022 as compared to the corresponding period in 2021. The Group recorded an increase in its total cost of sales for the six months ended 30 June 2022 as compared to the corresponding period in 2021 primarily due to significant increase in cost of sales, which was partially offset by the decreases in taxes and surcharges, selling expense, general and administrative expenses and significant decreases in financial expenses. The Group recorded a slight reduction in the net loss for the six months ended 30 June 2022 as compared to the net loss for the corresponding period in 2021 primarily as a result of the decreases in financial expenses and selling expense and increases in non-operating income during the six months ended 30 June 2022.

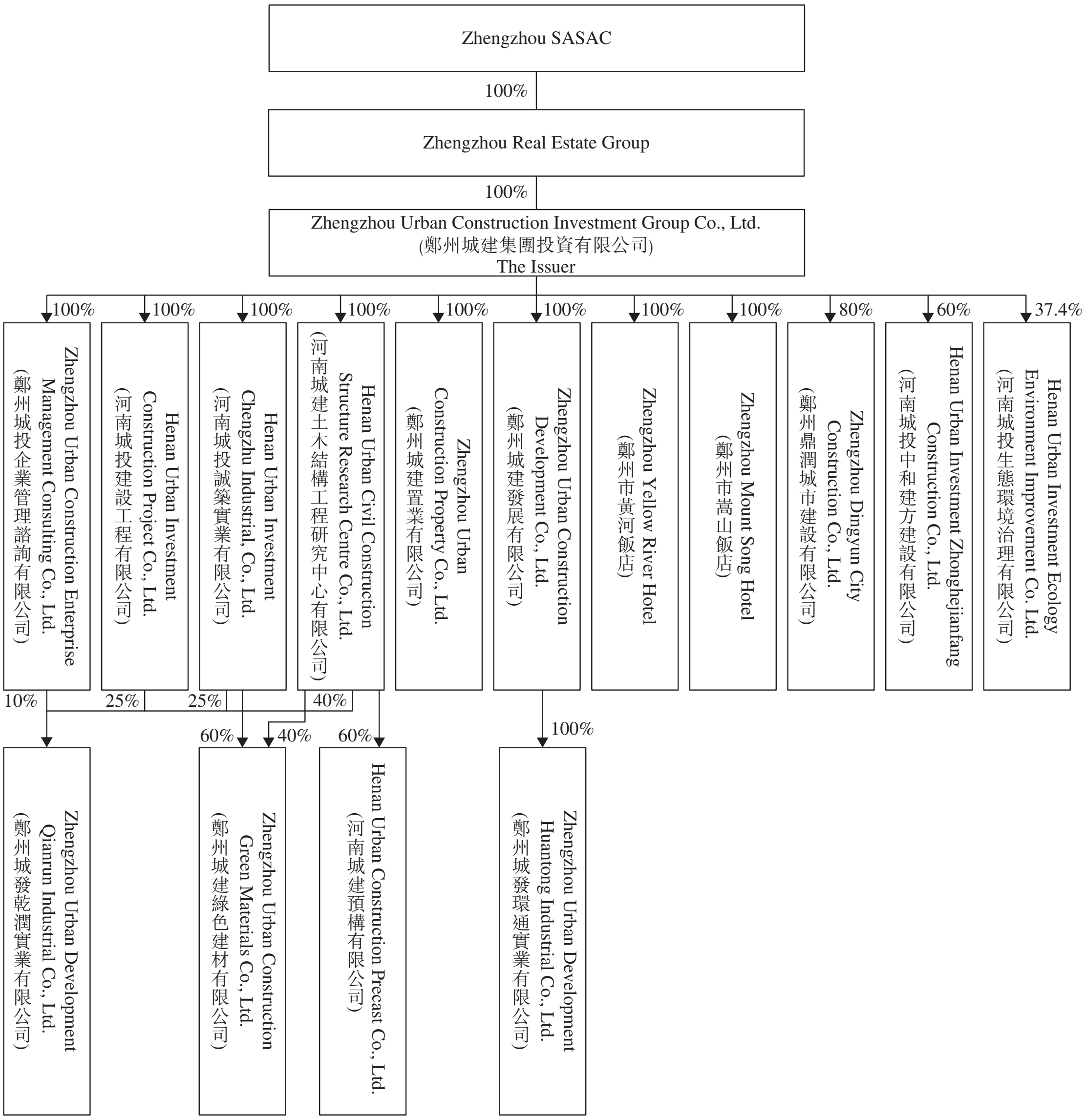
According to the unaudited and unreviewed 2022 Interim Accounts, the Group recorded a moderate increase in total assets as at 30 June 2022 as compared to that as at 31 December 2021, primarily due to increases in cash and cash on hand, accounts receivables, advances to suppliers, other receivables, inventory, long-term equity investment, construction in progress, deferred tax assets and other non-current assets, which were partially offset primarily by the decrease in notes receivable (as a result of the settlement of such notes) and mild decreases in other current assets, fixed assets, intangible assets and long-term prepaid expenses.

According to the unaudited and unreviewed 2022 Interim Accounts, the Group's total current liabilities as at 30 June 2022 as compared to that as at 31 December 2021 was lower primarily due to the decreases in short-term borrowings, receipts in advance, contractual liabilities, other payables and current portion of non-current liabilities, which were partially offset by increases in accounts payable and payroll and employee benefits payable. The Group's total non-current liabilities as at 30 June 2022 as compared to that as at 31 December 2021 was higher due primarily to increases in the Group's long-term borrowings, bonds payable, deferred income and other non-current liabilities, which were partially offset by the decrease in deferred tax liabilities.

None of the Joint Lead Managers, the Trustee, the Agents, or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers makes any representation, warranty or undertaking, express or implied of, or accepts any responsibility or liability with respect to, the Group or the Group's business, financial condition or results of operation.

CORPORATE STRUCTURE

The followings chart presents the Group's simplified structure and the shareholding of the Group as at 31 December 2021:



HISTORY AND DEVELOPMENT

With the approval of Zhengzhou Municipal Government, the Issuer was established on 28 December 2007. As at the date of this Offering Circular, the Issuer had a registered capital of RMB1,000 million.

The following table lists certain important milestones and events throughout the Group's history:

2007	The Issuer was established as a wholly state-owned enterprise with registered capital of RMB10 million by Zhengzhou SASAC.
2009	The Issuer's registered capital was increased from RMB10 million to RMB100 million through capital injection from Zhengzhou SASAC.
2010	Zhengzhou SASAC injected infrastructure assets with a total value of RMB4,027 million into the Issuer.
	The Issuer's registered capital was further increased from RMB100 million to RMB1,000 million through capital injection from Zhengzhou SASAC.
2011	Zhengzhou Municipal Government transferred the title of 263 mu (equivalent to 175.3 thousand square metres) of lands located at Zheng Dong New District (鄭東新區) to the Group.
2012	Zhengzhou SASAC further injected infrastructure assets with a total value of RMB7,208 million into the Issuer.
	The construction of Jingguang Highway, the first highway to straddle the border for the northern and southern regions of China, commenced. The total investment of the project was approximately RMB2,894 million.
	The Issuer was the first state-owned financing and investment vehicle in Zhengzhou to complete an issuance of corporate bonds (securities code: 12 Zhengzhou Urban Construction Bonds (12鄭州城投債)). The aggregate principal amount of such bonds was RMB1,600 million.
2013	Zhengzhou Municipal Government approved the transfer of infrastructure assets with a total value of RMB5,710 million together with the relevant concession rights to the Group.
	Zhengzhou SASAC transferred its entire equity interest in the Issuer to Zhengzhou Real Estate Group. Upon the transfer, the Issuer became an indirect wholly-owned enterprise of Zhengzhou SASAC.

2014 .... The Group completed the construction of Jingguang Highway. The project was awarded the China Construction "Luban" Award for year 2014-2015.

The Group successfully raised a total of RMB6,300 million to fund its infrastructure investment and construction projects in Zhengzhou, strengthening the Group's position as a key infrastructure investor. The Group raised the highest amount of funds among eight state-owned financing platforms in Zhengzhou.

The Group entered into cooperative agreements in relation to primary land development and resettlement housing of Zhongyuan New District (中原新區), making the Group among the first investment and financing platforms in Zhengzhou to expand into the primary land development market.

2015 .... The Group undertook the construction of Eastern 3rd Ring (107 side road) Highway Alteration, the first PPP project in Henan. The total investment amount was RMB7.7 billion. The project was listed as a national model PPP project.

2016 .... Construction of Eastern 3rd Ring (107 side road) Highway was completed and commenced operations.

The Group entered into cooperative agreements in relation to construction of resettlement housing in four villages in the northern area of Zhongyuan New District. The total investment was approximately RMB13.9 billion.

The Group entered into an agreement with Zhengzhou Urban-Rural Construction Committee (鄭州市城鄉建設委員會) for Zhengzhou 3rd Ring Road-Highway Alteration PPP Project, of which the aggregate investment amount was approximately RMB5,900 million.

The Issuer placed its first private placement corporate bonds with an aggregate principal amount of RMB500 million.

2017 .... Two key construction projects of the Group, Zhengzhou Grand Theatre and Zhengzhou Community Centre, ranked first in the evaluations of four key sites used to host the 11th National Traditional Games of Ethnic Minorities.

The Issuer placed its first medium-term notes with an aggregate principal amount of RMB1,000 million.

2018 .... A consortium led by the Issuer comprising Zhengzhou Real Estate Group, China Water Electricity Engineering Bureau No. 11 (Zhengzhou) Co., Ltd. (中水電第十一局工程局(鄭州)有限公司) and Powerchina Roadbridge Group Co., Ltd. (中電建路橋集團有限公司) won the bid to undertake the Jialu River Comprehensive Ecological Improvement and Greening Project, a PPP project with a total investment amount of RMB6,180 million. The Group was the largest shareholder and was responsible for the construction and operation of the project.

The Group was tasked to construct the Zhengzhou Public Transportation Stations by Zhengzhou Municipal Government.

2019 .... The Group completed the placement of "19 Zhengzhou Urban Construction PPN001" notes in aggregate principal amount of RMB500 million with an interest rate of 4.48 per cent.

The Group completed the private placement and listing at the Shanghai Stock Exchange of "19 Zhengzhou Construction 01" bonds and "19 Zhengzhou Construction 02" bonds in aggregate principal amount of RMB1,500 million with interest rates of 4.60 per cent. and 4.69 per cent., respectively.

2020 .... The Group completed the private placement and listing at the Shanghai Stock Exchange of "20 Zhengzhou Construction 01" bonds in aggregate principal amount of RMB500 million with interest rate of 3.77 per cent.

2021 .... The Issuer issued its medium-term notes with an aggregate principal amount of RMB300 million.

The Group completed the private placement and listing at the Shanghai Stock Exchange of "21 Zhengzhou Construction 01" bonds and "21 Zhengzhou Construction 02" bonds in aggregate principal amount of RMB1,500 million with interest rate of 4.34 per cent and 3.78 per cent, respectively.

AWARDS AND RECOGNITIONS

The Group has received a number of awards and recognitions in recent years that reflect the Group's outstanding business achievements and project execution capabilities:

- Zhengzhou Municipality-Level Key Project Construction Outstanding Management Team Awards (鄭州市重點工程建設先進集體) for 2010-2019;
- Zhengzhou Municipality-Governing Enterprise Target Outstanding Management Entity (鄭州市管企業目標管理先進單位);
- Henan Province "May 1st" Labour Award (河南省"五一"勞動獎項);

- National PPP Model Construction Project for 107 Sideway Road to Highway Alteration Construction (107輔道快速化工程);

- Henan Province Credit Construction Model Entity (河南省信用建設示範單位);

- China Construction "Luban" Award (National Excellent Construction) for Jingguang Highway Phase I for year 2014-2015 (2014-2015年度中國建設工程魯班獎(國家優質工程) (京廣快速路一期工程));

- National Municipality Gold Cup Model Construction for Jingguang Highway Phase I for year 2013 (2013年度全國市政金杯示範工程(京廣快速路一期工程));

- China Steel Structure Gold Award for year 2019 (2019年中國鋼結構金獎);

- China Construction "Luban" Award (National Excellent Construction) for Southern 3rd Ring Eastern Extension (Nantai Road to 107 Sideway Road) for year 2018-2019 (2018-2019年度中國建設工程魯班獎(國家優質工程)(南三環東延工程(南台路至107輔道)建設工程));

- First prize of China Civil Engineering and Architecture Society Science and Technology Progress Award (中國土木建築學會科技進步一等獎); and

- First prize of National BIM Application Competition (BIM應用國家級競賽一等獎) for Zhengzhou Grand Theatre and Zhengzhou Community Centre.

DESCRIPTION OF THE GROUP'S BUSINESS

Overview

Established in 2007 with the approval of Zhengzhou Municipal Government, the Issuer is a wholly state-owned enterprise that serves as the key investment and financing platform for infrastructure construction in Zhengzhou. The Group finances, develops and operates Zhengzhou's key infrastructure. Its businesses can be categorised into four principal business segments, namely, PPP project investment and management, project settlement and construction, hotel operation and ancillary businesses. The following table sets forth a breakdown of the Group's total revenue by business segment in absolute amounts and as a percentage of its total revenue for the periods indicated:

	Year ended 31 December					
	2019		2020		2021	
	RMB (million)	*Per cent. of total*	*RMB (million)*	*Per cent. of total*	*RMB (million)*	*Per cent. of total*
PPP project investment and management[(1)]	628.7	51.2	628.7	54.8	27.2	2.3
Project settlement and construction[(2)]	138.7	11.3	351.8	30.6	964.7	81.5
Hotel Operation[(3)]	147.9	12.1	99.0	8.6	104.2	8.8
Ancillary Businesses[(4)]	311.5	25.4	68.8	6.0	88.2	7.4
Total	**1,226.80**	**100.0**	**1,148.30**	**100.0**	**1,184.3**	**100.0**

Notes:

(1) Revenue from this business comprises revenues from "PPP income" reported in the Audited Financial Statements of the respective period.

(2) Revenue from this business comprises revenues from "project settlement and basic construction income" reported in the Audited Financial Statements of the respective period.

(3) Revenue from this business comprises revenues from "hotel operating income" reported in the Audited Financial Statements of the respective period.

(4) Revenue from this business comprises revenues from "management consulting income", "business service income", "technical service income", "prefabricated components income" and "other business income" reported in the Audited Financial Statements of the respective period.

The following table sets forth a breakdown of the Group's gross profit or gross loss by business segment for the periods indicated:

	Year ended 31 December					
	2019		2020		2021	
	RMB (million)	*Per cent. of total*	*RMB (million)*	*Per cent. of total*	*RMB (million)*	*Per cent. of total*
PPP project investment and management[1]	235.3	47.1	235.3	56.8	2.2	1.2
Project settlement and construction[2]	54.3	10.9	109.2	26.4	65.9	34.4
Hotel Operation[3]	114.8	23.0	74.8	18.1	78.3	40.9
Ancillary Businesses[4]	95.5	19.1	-5.0	-1.2	45.3	23.6
Total	**499.9**	**100.0**	**414.3**	**100.0**	**191.7**	**100.0**

Notes:

(1) Gross profit from this business is calculated from deducting costs of sales from revenues of "PPP income" reported in the Audited Financial Statements of the respective period.

(2) Gross profit from this business is calculated from deducting costs of sales from revenues of "project settlement and basic construction income" or the sum of "project settlement income" and "basic construction income" reported in the Audited Financial Statements of the respective period.

(3) Gross profit from this business is calculated from deducting costs of sales from revenues of "hotel operating income" reported in the Audited Financial Statements of the respective period.

(4) Gross profit from this business is calculated from deducting costs of sales from revenues of "management consulting income", "business service income", "technical service income", "prefabricated components income" and "other business income" reported in the Audited Financial Statements of the respective period.

PPP project Investment and Management

Overview

The Group began as a key investor, financier and developer of major infrastructure in Zhengzhou in 2007. It has participated in many major infrastructure projects in Zhengzhou over the past decade. The Group has expanded its business to include the provision of PPP project investment and management services, ensuring the continuous operation and maintenance of major civil infrastructure such as roads, bridges and tunnels. For the years ended 31 December 2019, 2020 and 2021, revenue attributed to the Group's PPP project investment and management business was RMB628.7 million, RMB628.7 million and RMB27.2 million, respectively, representing 51.2 per cent., 54.8 per cent. and 2.3 per cent. of the Group's total revenue, respectively. Due to the implementation of the relevant applicable New Accounting Policies and Requirements since 2021, revenue recognition of the existing PPP projects of the Group have been changed. Under the new revenue recognition policies, the revenue attributed to the Group's PPP project investment and management decreased significantly for the year ended 31 December 2021 compared to revenue that would have been recognised under the prior accounting policies. The Group expects that, going forward, with the diversification of its businesses and after the commencement of operations of various PPP projects of the Group, revenue from the Group's PPP project investment and management will become more stable and gradually increase. See "*Risk Factors — Risks relating to Financial and Other Information — Certain accounting items in the Audited Financial Statements may not be comparable to the financial information in the consolidated financial statements of the Issuer for the previous periods*" for more details.

Business Model

The Group currently undertakes infrastructure investment and/or management projects through PPPs. Under PPP contracts, the Group undertakes to make investments. As at 31 December 2021, the Group's expected investment amount with respect to all PPP projects as specified in the relevant PPP contracts was RMB12,687 million. As at 31 December 2021, the Group did not provide collateral security for such financing. The Group also funds its project through available credit facilities, debt investment plans with insurance companies and corporate bonds.

The Group may enter into PPPs together with one or more private enterprises. The operations will generally be undertaken by a special purpose vehicle or a newly formed project company. Operations of PPPs contracts may take different models which include the following:

- **Toll-Operate-Transfer** ("**TOT**"): In projects adopting the TOT model, the government procures transfer of the ownership of the infrastructure and operation and maintenance obligations to the Group. The Group also receives service fees and maintenance bonus paid by the government annually during the term of the arrangement. Upon the expiration of such arrangement, the Group will transfer the ownership of the infrastructure to the government branch without consideration and free from debt and collateral attached to such infrastructure.

- **Build-Operate-Transfer** ("**BOT**"): In projects adopting the BOT model, the Group is responsible for construction, financing and operation of the infrastructure. The construction may be carried out by one or more separate contractors selected by the government and engaged by the Group. Upon completion of construction, the Group is responsible for daily operation and maintenance of the facilities or infrastructure. The Group generally receives from the government a construction investment subsidy calculated based on the construction cost and an agreed profit rate and a maintenance subsidy, calculated based on the maintenance cost and an agreed profit rate. The Group will also be entitled to retain the fees and other income from users of the infrastructure. Upon expiration of the arrangement, the Group will transfer the ownership of the infrastructure to the government without consideration and free from debt and collateral attached to such infrastructure.

- **Design-Build-Operate-Transfer** ("**DBOT**"): This model is similar to BOT model. The differences are that in addition to the BOT model, the project company is also responsible for providing design services. The Group's integrated design-build business model enables it to operate across the entire project life cycle (financing, design, construction and maintenance).

Historically, the Group undertook PPP project investment and management projects under government procurement contracts. These contracts with the government are predominantly cost-plus contracts, where the Group received reimbursement of actual costs and overhead incurred by the Group, plus a predetermined fee. Following the release of the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (Guofa [2014] No. 43) (關於加強地方政府性債務管理的意見(國發[2014]43號)) ("**Circular 43**") by the State Council, the Group has not entered into any new government procurement contracts since 2017, and began to explore the PPP model in conducting its infrastructure investment and/or management business.

Project Description

The following table sets forth the Group's PPP projects as at 31 December 2021:

Project Name	Expected Total Investment	Total Investment Incurred as at 31 December 2021	Year of Operation	Total Revenue Attributable to the Project for the Year ended 31 December 2019	2020	2021
	(RMB million)	*(RMB million)*		*(RMB million)*	*(RMB million)*	*(RMB million)*
1. Zhengzhou 3rd Ring Road-Highway Alteration PPP Project (鄭州市三環快速化工程PPP項目) . . .	5,900.1	5,117.0	Since 2017	628.7	628.7	27.2
2. 107 Side Road to Highway Alteration Construction PPP Project (107輔道快速化工程PPP項目)	7,953.0	7,200.0	Since 2020	—	—	567.1
3. Jialu River Comprehensive Management Ecological Greening Engineering PPP Project (賈魯河綜合治理生態綠化工程PPP項目) . .	6,787.0	3,652.5	2023 (Expected)	—	—	769.1
Total	20,640.1	15,969.5		628.7	628.7	1,363.4

Notes:

(1) The "Expected Total Investment" refers to the amount specified in the relevant PPP contract.

*Zhengzhou 3rd Ring Road-Highway Alteration PPP Project (鄭州市三環快速化工程) (the "**3rd Ring PPP Project**")*

The 3rd Ring PPP Project was operated using a build-transfer model in the beginning and later operated using the TOT model. In November 2016, Zhengzhou Urban-Rural Construction Committee (鄭州市城鄉建設委員會) and Zhengzhou Urban Construction Development Co., Ltd. (鄭州城建發展有限公司), the Issuer's wholly-owned subsidiary, entered into an agreement in respect of the 3rd Ring PPP Project. Zhengzhou Urban Construction Development Co., Ltd.'s wholly-owned subsidiary, Zhengzhou Urban Construction Development Huantong Industrial Co., Ltd. (鄭州城發環通實業有限公司) ("**Zhengzhou Huantong**") holds the purchased assets of the 3rd Ring PPP Project. Zhengzhou Huantong has also entered into separate purchase agreements with the relevant contractors to acquire the facilities upon completion. Zhengzhou Huantong will also be responsible for the operation and maintenance of the purchased assets. Assets of the 3rd Ring PPP Project consists of highways divided into three sections: Western 3rd Ring Road-Highway Alteration Section, Southern 3rd Ring Road-Highway Alteration Section and

Northern 3rd Ring Road-Highway Alteration Section, the aggregate length of these three sections are 26.2 kilometres. The Western 3rd Ring Highway Section starts from Science Road Interchange and ends at Songshan Road Interchange, with a total length of 12.4 kilometres; Southern 3rd Ring Road-Highway Alteration Section mainly comprises interchanges, with a total length of 5.9 kilometres; Northern 3rd Ring Road-Highway Alteration Section starts from Nanyang Road and ends at Zhongzhou Road, with a total length of 7.9 kilometres. Pursuant to the relevant PPP contract, the project has a term of 15 years, commencing from 2017.

*107 Side Road to Highway Alteration Construction PPP Project (107輔道快速化工程PPP項目) (the "**107 Project**")*

The 107 Project involves the alteration of approximately 20 kilometres of the 107 Sideway, which can be divided into the northern interchange, tunnel and southern interchange sections. The 107 Project includes the construction of two interchanges, 12 side roads to enter and exit the interchanges, three bridges to enter and exit interchanges, an underground tunnel, four bridge alterations and a waterway system.

The 107 Project has adopted the DBOT model. The Issuer joined a consortium comprising Powerchina Roadbridge Group Co., Ltd. (中電建路橋集團有限公司) and Shanghai Puqiao Enterprise Management LLP. (上海浦橋企業管理合夥企業(有限合夥)) to form China Electricity-Construction (Zhengzhou) Urban Construction Investment Management Co., Ltd. (中電建(鄭州)城建投資管理有限公司) as the operating entity. As at the date of this Offering Circular, the Group holds 20 per cent. equity interest in the operating entity established by the consortium. The operating entity of the 107 Project has been granted with the exclusive concession right for the construction period of two years (which was extended to four years as a result of disruption in the demolition and resettlement of the project) and the operation period of 12 years. The 107 Project commenced construction in 2016 and was completed in 2020, after which it was put into operation.

*Jialu River Comprehensive Management Ecological Greening Engineering PPP Project (賈魯河綜合治理生態綠化工程PPP項目) (the "**Jialu River Project**")*

The Jialu River Project aims to restore the ecological condition and improve the facilities along the two sides of the Jialu River. It includes the planting of trees and plants, construction of walkways, installation of sport equipment and construction of buildings and facilities. The construction of the Jialu River Project involves a total area of approximately 1,023.9 hectares, covering approximately 60.4 kilometres of the Jialu River. The Jialu River Project is operated using the BOT model. The project term is 15 years and four months, including the operation period of 14 years and the construction period of 16 months. The construction of the Jialu River Project commenced in July 2018 and was then expected to be completed in 16 months. As a result of the disruptions in the construction progress caused by the super rainstorm disaster in Henan Province in 2021 and the COVID-19 pandemic, the construction period of the Jialu River Project is expected to be extended to June 2023.

The Issuer, Zhengzhou Real Estate Group, China Water Electricity Engineering Bureau No. 11 (Zhengzhou) Co., Ltd. and Powerchina Roadbridge Group Co., Ltd. set up Henan Urban Investment Ecological Environment Improvement Co., Ltd. (河南城投生態環境治理有限公司) ("**Henan UIEEI**") as the project company. As at the date of the Offer Circular, the Group held approximately 37.4 per cent. equity interest in Henan UIEEI. External funding accounted for 70 per cent. of the construction cost of Jialu River Project with the remaining 30 per cent. financed by Henan UIEEI.

Suppliers

The materials used in infrastructure construction mainly include steel, concrete and cement. Depending on the arrangement and negotiations for each specific project, the Group normally has the right to choose suppliers for raw materials and to procure the equipment necessary to carry out construction work with supervision of the government. In some PPP projects, the Group sources its own raw materials for the construction.

Project settlement and construction

Overview

Since 2007, the Group has taken a key role in the construction of infrastructure in Zhengzhou. The Group has undertaken a large number of high-profile infrastructure projects for constructions of major roadways, grand theatres, community centres and building infrastructure. In addition to transport infrastructure and building infrastructure, the Group also undertakes as the main contractor the construction of resettlement housings in the Zhongyuan New District (中原新區) of Zhengzhou.

The Group primarily engages in the project settlement and construction business through Henan Urban Investment Construction Project Co., Ltd. (河南城投建設工程有限公司) ("**Henan UCP**"), a wholly-owned subsidiary of the Issuer, Zhengzhou Dingrun City Construction Co., Ltd. (鄭州鼎潤城市建設有限公司), a non-wholly owned subsidiary of the Issuer, and Henan Urban Investment Zhonghejianfang Construction Co., Ltd. (河南城投中和建方建設有限公司), a non-wholly owned subsidiary of the Issuer. Henan UCP holds a number of key construction qualifications which include Level A Qualification of Foundation and Basic Construction (地基與基礎工程專業承包壹級資質), Level C Qualification of Municipal Public Construction Master-Contractor (市政公用工程總承包三級資質) and Level C Qualification of Building Construction Master-Contractor (建築工程施工總承包三級資質).

Revenue attributable to the Group's project settlement and construction business for the years ended 31 December 2019, 2020 and 2021 was RMB138.7 million, RMB351.8 million and RMB964.7 million, respectively, representing 11.3 per cent., 30.6 per cent. and 81.5 per cent. of the Group's total revenue, respectively. Due to the implementation of the relevant applicable New Accounting Policies and Requirements since 2021, revenue derived from the Group's Jialu River

Project in the current stage of construction has been recognised in accordance with the construction progress under the item of "project settlement and basic construction income" reported in the audited consolidated financial statements as at and for the year ended 31 December 2021. Under the new revenue recognition policies, the revenue attributed to the Group's project settlement and construction business increased significantly for the year ended 31 December 2021 compared to the revenue that would have been recognised under the prior accounting policies. The Group expects that, going forward, with the diversification of its businesses, revenue from project settlement and construction will continue to be higher than revenue recognised in prior periods. See "*Risk Factors — Risks relating to Financial and Other Information — Certain accounting items in the Audited Financial Statements may not be comparable to the financial information in the consolidated financial statements of the Issuer for the previous periods*" for more details.

Business Model

In general, the Group is tasked by the local government as the main contractor of infrastructure projects. The Group typically runs a bidding process to engage one or more contractors to carry out the construction. When participating in infrastructure projects as an outsourcer, the Group is responsible for its overall management and execution, which draws upon the Group's technical expertise on civil, structural, procedural, mechanical, geotechnical systems and electrical engineering, architecture, landscape and interior design, urban and regional planning, project economics, and environmental, health and safety work. The Group is typically responsible for the financing of the infrastructure construction projects, which is sourced from both internal and external funds. The Group and the local government would enter into a project purchase agreement, pursuant to which the local government will purchase the completed projects in whole or in part, subject to certain conditions.

In some cases, the Group may, typically through Henan UCP, be engaged as a sub-contractor to carry out construction. The operating entity of the Group responsible for the construction works will enter into an agent construction agreement with the outsourcer or the general contractor of the project. Such agreement would set out the standards and specifications of the construction works to be carried out and payment details.

Project Description

Some of the projects the Group undertakes are projects that concern the construction of a single infrastructure but is divided into multiple sub-projects based on technology and works involved, the length and complexity of the projects, in order to complete the construction of the projects more efficiently and enhance recourse management. These include:

Zhengzhou 107 Side Road Project (鄭州市107輔道項目)

The project is located in the east of Zhengzhou's city centre, from the north side of Yuxiang Road (育翔路) in the north to the north side of Ping'an Avenue (平安大道) in the south, with a total designed length of approximately 2.473 kilometres. The entire 107 Side Road is designed as an "elevated highway + highway on the ground" and comprises dual four-lane carriageways on the ground and dual four-lane carriageways on the elevated ground. The eight lanes of elevated carriageways (with four lanes for each direction) have a design speed of 80 kilometres per hour; the eight lanes of carriageways (with four lanes for each direction) on the ground have a design speed of 50 kilometres per hour.

South Fourth Ring Road Expressway Project (南四環快速化工程)

There are five start-up sites for the South Fourth Ring Road Expressway Project, with a total of 278 pile foundations. These five sites include Zhengxin Avenue (鄭新大道) spanning a wide section with a bridge length of 620 metres and 19 pile foundations; Songshan Road (嵩山路) spanning a wide section with a bridge length of 552.8 metres and 19 pile foundations; Yonghe Road-Qifu Avenue (永和路-啟福大道) with a bridge length of 180 metres long and 40 pile foundations; Taoli Road-Kaixuan South section (桃李路-凱旋南路段) with a bridge length of 172 metres and 40 pile foundations; and Pinghu Road-Jingzhong Road section (萍湖路-景中路段) with a bridge length of 880 metres long and 160 pile foundations.

Zhengzhou Civil Cultural Service Area Project

The Zhengzhou Civil Cultural Service Area project involves the construction of the Zhengzhou Grand Theatre and Zhengzhou Community Centre which are crucial facilities within Zhengzhou Civil Cultural Service Area. They were constructed as part of the initiatives undertaken by the Zhengzhou Municipal Government in response to Several Advices on Further Enhancing City Zoning and Construction Management (中共中央國務院關於進一步加強城市規劃建設管理工作的若干意見) issued by the Central Committee of the Chinese Communist Party and the State Council and Zhengzhou Municipal Government's 13th Five Year Plan to promote cultural heritage and modernise municipal services. The 11th National Traditional Games of Ethnic Minorities was held in these facilities. The aggregate construction area of Zhengzhou Grand Theatre and Zhengzhou Community Centre is approximately 126.0 thousand square metres and approximately 211.0 thousand square metres, respectively.

Zhongyuan New District Project

In 2014, the Group entered into agreements with Zhongyuan New District Management Committee (中原新區管理委員會) in relation to primary land development and resettlement housing construction to promote the urbanization of Zhongyuan New District. As at 31 December 2021, certain parts of the project construction has commenced and resettlement housing construction is in the preparatory phase. The overall planned construction area for the Zhongyuan

New District is approximately 33 square kilometres. The parts of the project for which the Group is responsible is split into three phases, namely the Liugou Area, Baijia Village Area and the Northern Area. The core part of the Zhongyuan New District is a triangular area with total site area of 1.3 square kilometres. It covers eight villages and 12 villager groups (村民組) with a population of more than 5,200. The project involves the demolition of buildings and structures of a total construction area of approximately 800,000 square metres.

Resettlement of the Liugou Area involves around 106 households and a population of 523. The resettlement area is located around Baiquan Road, Quanzhou Road, Jinlin Road and Xushui River. The land site area is approximately 45,000 square metres (equivalent to approximately 67.7 mu). The total construction area is 203,200 square metres. The resettlement will require 648 residential units with total floor area of 76,866 square metres. The estimated total investment amount is RMB770 million. The villagers have currently been resettled.

Demolition of the Baijia Village Area involves around 284 families and a population of 1,420. The area was divided into a northern section and southern section. The northern section involves 29.5 thousand square metres (equivalent to 44.3 mu). The southern section covers 29.1 thousand square metres (equivalent to 43.6 mu). The construction and resettlement of Baijia Village Area involve a total area of approximately 58.6 thousand square metres (equivalent to 87.9 mu). The total construction area is approximately 320.1 thousand square metres, among which 205.5 thousand square metres are residential areas and commercial use areas are 14.5 thousand square metres. Resettlement involves a population of 5,384. The estimated total investment amount is RMB1,940 million.

Resettlement of the northern area involves four villages, namely the Weiding Village (為丁莊), the Tianwang Temple (天王寺), the Xiaoli Village (小李莊) and the Fu Village (付莊), and resettlement of 11,673 residential units. The land site area is approximately 460,460 square metres and the total construction area is approximately 1,828.3 square kilometres.

Subcontractors and Suppliers

When the Group is engaged as the main contractor, it is responsible for managing and monitoring key work streams of project development, such as construction, foundation engineering, decoration and fire protection engineering. It usually engages subcontractors for specific aspects of the project and coordinates the performance of subcontractors and other parties.

When selecting subcontractors, the Group takes into consideration factors such as credentials, price and past performance of the candidates. The Group adopts strict cost control measures and regularly audits the costs of development reported by subcontractors. The Group engages project administrators to monitor the performance of subcontractors. In accordance with the subcontracting contracts, sub-contractors are responsible for the project's quality, safety and accident prevention with respect to the work that it undertakes. If the engineering quality fails to meet the quality standards mandated by the Group (in its role as principal), the sub-contractors are responsible for remedying the defects or flaws as well as any related damage and costs.

The materials used in infrastructure construction mainly include steel, concrete, cement and other raw materials. Sub-contractors are normally responsible for the purchase of materials and choice of suppliers. In some cases, the Group sources materials for the construction internally through its wholly-owned subsidiary, Henan Urban Investment Chengzhu Industrial Co., Ltd. (河南城投誠築實業有限公司) which is the primary operating subsidiary of the Group's trading business.

Hotel Operation

The Group began its hotel operation business in 2014. As at 31 December 2021, the Group owns, manages and operates two hotels, Zhengzhou Yellow River Hotel and Zhengzhou Mount Song Hotel. Zhengzhou Yellow River Hotel is located at No. 106, Zhongyuan Road (中原路106號), Zhengzhou. It is adjacent to Jinshui River and Lücheng Square. It has approximately 300 rooms and suites, 28 dining rooms for private bookings and 15 conference rooms. Zhengzhou Mount Song Hotel is located at No. 156 Yihe Road, Zhongyuan District (中原區伊河路156號), Zhengzhou. It is made up of eight buildings with 953 beds, 14 dining rooms for private bookings and 22 conference rooms. It offers a suitable venue for hosting large conferences, banquets and business conferences. It also includes ancillary facilities such as shops, barber shop, clinic, massage centre, gym and card rooms. For the years ended 31 December 2019, 2020 and 2021, the average occupancy rate of Zhengzhou Yellow River Hotel was 85 per cent., 76 per cent. and 80 per cent., respectively. For the years ended 31 December 2019, 2020 and 2021, the average occupancy rate of Zhengzhou Mount Song Hotel was 81 per cent., 74 per cent. and 78 per cent., respectively.

The Group's revenue from such hotels is mainly comprised of accommodation revenue, sale of food and beverages and venue rental revenue. The Group has focused on maximising the cost efficiency and profitability of these hotels by, among other things, improving facilities and service quality and renovating guest rooms and public spaces. For the years ended 31 December 2019, 2020 and 2021, revenue attributed to the Group's hotel operation business was RMB147.9 million, RMB99.0 million and RMB104.2 million, respectively, representing 12.1 per cent., 8.6 per cent. and 8.8 per cent. of the Group's total revenue, respectively.

Ancillary businesses

The Group has been expanding its scope of businesses to diversify its sources of revenue. In addition to its PPP project investment and management business and project settlement and construction business, the Group also engages in ancillary businesses, including management consultancy, trading, technology consultancy and precast construction. The Group adopts an integrated business model to create synergies among various assets to maximise the return on investment. Many of its ancillary businesses are related to infrastructure construction. The following table sets forth a breakdown of the revenue from the Group's ancillary businesses by sub-segments in absolute amounts and as a percentage of its total revenue from ancillary businesses for the periods indicated:

	Year ended 31 December					
	2019		2020		2021	
	RMB (million)	*Per cent. of total*	*RMB (million)*	*Per cent. of total*	*RMB (million)*	*Per cent. of total*
Management Consultancy[(1)]	68.5	22.0	31.2	45.3	33.9	38.4
Trading[(2)]	20.4	6.6	1.7	2.5	4.7	5.3
Precast Construction[(3)]	220.4	70.8	18.2	26.4	—	—
Technology Service[(4)]	0.1	0.04	—	—	—	—
Other Business	2.0	0.6	17.7	25.7	49.6	56.3
Total	**311.5**	**100.0**	**68.8**	**100.0**	**88.2**	**100.0**

Notes:

(1) Revenue from this business comprises revenue from "management consulting income" reported in the Audited Financial Statements of the respective period.

(2) Revenue from this business comprises revenue from "business service income" reported in the Audited Financial Statements of the respective period.

(3) Revenue from this business comprises revenue from "prefabricated components income" reported in the Audited Financial Statements of the respective period.

(4) Revenue from this business comprises revenue from "technical service income" reported in the Audited Financial Statements of the respective period.

Management Consultancy

The Group provides management consultancy services to construction companies in Henan, including Henan No. 1 Construction Engineering Group Co., Ltd. (河南省第一建築工程集團有限責任責任公司) and Zhengzhou No. 1 Construction Engineering Group., Ltd. (鄭州市第一建築工程集團有限公司), in relation to enterprise management, engineering, engineering related information, computer software technology development and computer graphic design. The Group primarily carries out its management consultancy business through Zhengzhou Urban Construction Management Consulting Co., Ltd. (鄭州城投企業管理諮詢有限公司), a wholly state-owned subsidiary of the Issuer. For the years ended 31 December 2019, 2020 and 2021, revenue attributed to the Group's management consultancy business was RMB68.5 million, RMB31.2 million and RMB33.9 million, respectively, representing 5.6 per cent., 2.7 per cent. and 2.9 per cent. of the Group's total revenue, respectively.

Trading

The Group also engages in trading of construction materials through Henan Urban Investment Chengzhu Industrial Co., Ltd., a wholly-owned subsidiary of the Issuer. Products traded by the Group include steel, waterproof supplies and lamps. Its main trading partners include more than 10 state owned enterprises, with which the Group has formed long-term cooperative relationships. For the years ended 31 December 2019, 2020 and 2021, revenue attributed to the Group's trading business was RMB20.4 million, RMB1.7 million and RMB4.7 million, respectively, representing 1.7 per cent., 0.2 per cent. and 0.4 per cent. of the Group's total revenue, respectively.

Precast Construction

The Group also engages in precast construction where it provides construction companies with customised precast concrete products production, sales and installation services. The primary operating entities of the Group's precast construction business are Henan Urban Construction Civil Structural Engineering Research Centre Co., Ltd. (河南城建土木結構工程研究中心有限公司) and its subsidiary, Henan Urban Construction Precast Co., Ltd. (河南城建預購有限公司). For the years ended 31 December 2019 and 2020, revenue attributed to the Group's precast construction business was RMB220.4 million and RMB18.2 million, respectively, representing 18.0 per cent and 1.6 per cent. of the Group's total revenue, respectively. The revenue attributed to the Group's precast construction business for the year ended 31 December 2020 recorded a decrease as compared to the same for the year ended 31 December 2019 as the Group's precast concrete supply projects have successively completed and the amount of the precast concrete products supplied by the Group decreased during 2020 as compared to 2019. For the year ended 31 December 2021, there was no revenue generated from this business as demand for the Group's customised precast concrete products dropped after the completion of the Fourth Ring Road Expressway Alteration Project (四環快速化高架項目) in 2020.

Technology Consultancy

The Group provides technology consultancy services through its subsidiary Henan Urban Construction Civil Structural Engineering Research Centre Co., Ltd. to a number of construction companies in Henan, including Henan No. 1 Construction Engineering Group Co., Ltd. (河南省第一建築工程集團有限責任公司), Henan No. 6 Construction Engineering Group Co., Ltd. (河南省第六建築工程集團有限責任公司) and Zhengzhou No. 2 Municipal Construction Group Co., Ltd. (鄭州第二市政建設集團有限公司) with regard to enterprise management, engineering, project construction information and computer software technology development and computer graphic design. For the year ended 31 December 2019, revenue attributed to the Group's technology consultancy business was RMB0.1 million, representing 0.01 per cent. of the Group's total revenue of the same period. This business segment is complementary to, and dependent upon, the precast construction business of the Group. As the Group's precast concrete supply projects have successively completed, the revenue attributed to the Group's technology consultancy business declined during the years ended 31 December 2019, 2020 and 2021.

RESEARCH AND DEVELOPMENT

As an investor, builder and operator of infrastructure in Zhengzhou, the Group plays a key role in the growth and development of the municipality. The Group meets those challenges by adjusting its business activities and the products, services and solutions through an innovation strategy. In 2015, the Group became the first enterprise in Henan to undertake an infrastructure construction project through PPP. The project was later named as a national model PPP project. In 2015, the Group received the China Construction "Luban" Award for Jingguang Highway Phase I for year 2014-2015 (2014-2015年度中國建設工程魯班獎(京廣快速路一期工程)), further demonstrating the Group's technical expertise in the infrastructure construction sector. This was made possible through the Group's relentless efforts in advancing its technical skills, methodologies and equipment. The Group has advanced technologies, research and development capabilities and resources that are superior to traditional infrastructure construction companies in the PRC. Since 2014, the Group has dedicated resources into research and development and recruited talent in the field of advanced technology through establishing internal research and development centres and operating a joint research workspace with Zhengzhou University. In addition, the Group also co-operated with Zhengzhou University in establishing postgraduate training bases and academician workstations. The Group has participated in 15 provincial key research projects and two standardisation documents drafting and received Henan's construction technology progress first class awards 11 times. The Group believes its advanced technologies, research and development capabilities and resources will continue to serve as a strong basis for the Group to execute increasingly complex projects.

INTELLECTUAL PROPERTY

As at 31 December 2021, the Group owned six patents.

As at the date of this Offering Circular, the Group was not aware of any infringement by the Group of any intellectual property rights owned by third parties. Further, as at the date of this Offering Circular, the Group was not involved in any litigation or legal proceedings in relation to any material claims of infringement, either threatened or pending, of any intellectual property rights initiated by or against the Group that had a material and adverse effect on the Group's business.

COMPLIANCE

The operations of the Group are subject to various laws and regulations. Given the nature of the Group's business, it is impacted by environmental, health and safety, government procurement, anti-bribery and other government regulations and requirements. The Group believes that it is in compliance in all material respects with government regulations and requirements. The Group is not aware of any significant problems experienced by any member of the Group with respect to compliance with government regulations in relation to its operations which could materially adversely affect its properties or operations, nor is it aware of any pending government legislation that might have a material adverse effect on its properties or operations.

ENVIRONMENTAL MATTERS

The Group is subject to environmental laws and regulations governing air pollution, noise emissions, hazardous substances, water and waste discharge and other environmental matters issued by the governmental authorities in the PRC. The Group believes that it is in compliance in all material respects with applicable environmental laws and regulations. As at the date of this Offering Circular, the Group is not aware of any environmental proceedings or investigations to which it is or might become a party.

HEALTH AND SAFETY

The Group imposes safety measures at all stages of its operational process to minimise the possibility of work-related accidents, injuries and occupational illness. The Group also monitors the safety aspects of its contractors' operations. In addition, the Group provides safety training to its employees and has established safety standards for its contractors. The Group believes that its safety control systems accord with applicable national and local regulations. As at the date of this Offering Circular, the Group is not aware of any claims or penalties associated with any material breach of or non-compliance with any safety laws and regulations.

INSURANCE

The Group is required to obtain for contractors all-risk and third-party liability insurance for most of the projects it undertakes. Such policies generally extend for the entire contract period, including the maintenance period following completion of the project. In addition, with regard to its construction business, the Group generally purchases insurance for certain of its fixed assets. The Group also purchases pension insurance, unemployment insurance and medical insurance for its employees according to the relevant PRC laws and regulations. The Group has also purchased public liability insurance. The Group maintains insurance coverage in amounts that it believes are commensurate with its risk of loss and industry practice. Consistent with what the Group believes to be customary practice in the PRC, it does not carry any business interruption insurance, key-man insurance or insurance covering potential environmental damage claims. Such insurance is not mandatory under the laws and regulations of the PRC, and such insurance is either unavailable in the PRC or requires substantial cost.

EMPLOYEES

As at 31 December 2021, the Group had 303 employees.

In accordance with applicable regulations, the Group makes contributions to the pension contribution plan, medical insurance, unemployment insurance, maternity insurance and personal injury insurance. The amount of contributions is based on the specified percentages of employees' aggregate salaries as required by relevant PRC authorities. The Group also makes contributions to an employee housing fund according to applicable PRC regulations. In addition to statutory contributions, the Group provides annual bonuses and supplemental commercial insurance policies to employees. The Group enters into an employment contract with each of its employees in accordance with applicable PRC laws. Such contracts include provisions on wages, vacation, employee benefits, training programmes, health and safety, confidentiality obligations and grounds for termination.

LEGAL PROCEEDINGS

The Group is from time to time involved in disputes and legal proceedings arising in the ordinary course of its business. See "*Risk Factors — Risks relating to the Group's Business — The Group is exposed to litigation risks*".

To the best of the Group's knowledge, there are no current litigation or arbitration proceedings against the Group or any of its directors as at the date of this Offering Circular that could have a material adverse effect on its financial condition or results of operations.

DIRECTORS

According to the articles of association of the Issuer, the board of directors of the Issuer shall consist of three members, including a chairman and two directors. Two of the three directors are appointed by Zhengzhou SASAC. One of the three directors is an employee representative director elected at the employee representative meeting of the Issuer. The chairman of the board of directors is selected by Zhengzhou SASAC among the members of the board of directors. As at the date of this Offering Circular, the Issuer does not have a chairman of the board of directors and the appointment of such position is pending the decision by Zhengzhou SASAC. Each director has a term of three years, which may be extended for another term upon re-election and re-appointment.

The board of directors determines major matters of the Issuer, such as the annual business plans, investment plans, financial budget plans and profit distribution plans. The board of directors has the authority to appoint and discharge the general manager, financial controller and other members of the senior management. The board of directors reports to the shareholders of the Issuer.

The following table sets forth the Issuer's directors as at the date of this Offering Circular:

Name	Age	Position
Xue Songsen (薛松森)	60	Director and general manager
Yang Xiangyang (楊向陽)	50	Employee representative director
Liang Yuansen (梁遠森)	53	Director

Mr. Xue Songsen (薛松森), age 60, has been a director of the Issuer, the general manager and chief of the Communist Party Committee (黨委) of the Issuer since December 2013. He is a senior economist. He served in several positions at No. 3 Zhengzhou National Cotton Factory (鄭州國棉三廠) from February 1985 to June 1999, including as technician, section chief, director assistant, deputy director, office director, director of Labour and Human Resource Division (勞動人事處) and assistant to the president. He held several positions at Zhengzhou No. 3 Cotton Co., Ltd. (鄭州三棉有限公司) from June 1999 to December 2003, including as director, a member of the Communist Party Committee and vice president. Mr. Xue was the president of Zhengzhou No. 3 Cotton Co., Ltd. and the chairman of the board of Zhengzhou Hongrun Fabrication Co., Ltd. (鄭州鴻潤紡織有限公司) from December 2003 to May 2009. He was the secretary of the Communist Party Committee and the chairman of the board of Zhengzhou Jinyang Electricity and Gas Co., Ltd. (鄭州金陽電氣有限公司) from May 2009 to December 2013. Mr. Xue graduated from Communist Party Central Academy (中共中央黨校) with a master's degree.

Mr. Yang Xiangyang (楊向陽), age 50, has been an employee representative director of the Issuer since April 2017 and the director of Safety Management Department of the Group since May 2016. He served in several positions at Henan Wujian Group Co., Ltd. (河南五建集團有限公司) from August 1994 to May 2008, including as a member and the deputy secretary of the Communist Youth League Commission (團委) and the director-level-engineer of the Direct Project Department (直屬項目部). He served as deputy director of the General Department (綜合部) at Zhengzhou Municipal Construction Centre (鄭州市市政工程建設中心) from May 2008 to January 2011. Mr. Yang was the director of the General Management Department of the Issuer from January 2011 to May 2016. Mr. Yang graduated from Northeast College of Finance and Economics (東北財經學院) with a bachelor's degree.

Mr. Liang Yuansen (梁遠森), age 53, has been a director of the Issuer since September 2013. He is a senior engineer. Mr. Liang is a member of Chinese People's Political Consultative Conference (中國人民政治協商會議) of both Zhengzhou Municipality and Henan Province and the Chief of Zhengzhou Water Conservancy Bureau (鄭州市水利局). Mr. Liang served as a lecturer at the Civil Engineering School, Zhengzhou Engineering College (鄭州工學院土建系) from July 1991 to September 1999. Mr. Liang has also served in other capacities: a lecturer of Zhengzhou Industrial University (鄭州工業大學) from July 1999 to September 2000; a research assistant at Tongji University (同濟大學) from December 2003 to July 2004; the chief engineer of Zhengzhou Municipality Construction Committee (鄭州市建設委員會) from July 2004 to January 2010; the chief engineer of Zhengzhou Municipality Urban-Rural Construction Committee (鄭州市城鄉建設委員會) from January 2010 to September 2011; a deputy director of Zhengzhou Municipality Urban-Rural Construction Committee (鄭州市城鄉建設委員會) from September 2011 to November 2016; the director of Zhengzhou Municipality Urban-Rural Construction Committee (鄭州市城鄉建設委員會) from November 2016 to January 2019; the Chief of Zhengzhou Urban and Rural Construction Bureau (鄭州市城鄉建設局) from January 2019 to November 2020. He was the president of the Issuer from September 2013 to December 2013 and the chairman of the board of directors of the Issuer from September 2013 to October 2020. Mr. Liang studied at Zhengzhou Industrial University from July 1996 to July 1999 and acquired a master's degree. He also graduated from Tongji University with a doctoral degree in structural engineering.

SUPERVISORS

The board of supervisors of the Issuer consists of five members, including three members who are appointed by Zhengzhou SASAC and two employee supervisors who are elected by and among the employees of the Group. The chairman of the board of supervisors is selected by Zhengzhou SASAC among the members of the board of supervisors. Each supervisor has a term of three years, which may be extended for another term upon re-election and re-appointment.

The board of supervisors monitors the Issuer's financial affairs and puts forth suggestions on the dismissal of directors and other senior management.

The following table sets forth the Issuer's board of supervisors as at the date of this Offering Circular:

Name	Age	Position
Liu Hui (劉輝)	53	Chairman
Fan Ruzhou (樊汝州)	57	Supervisor
Wang Liuyang (王柳洋).	40	Supervisor
Zhao Yingli (趙英麗).	37	Employee representative supervisor
Li Xinjun (李鑫均)	34	Employee representative supervisor

Mr. Liu Hui (劉輝), age 53, has been the chairman of the board of supervisors of the Issuer since December 2013. Mr. Liu served as a director to the laboratory and a deputy director at Zhengzhou Quality Control Station (鄭州質監站) from August 1990 to September 2009; a manager of Construction Department of Project Dongfeng Road — Wenhua Road Tunnel (東風路-文化路下穿隧道項目部工程部) from October 2009 to December 2010; a deputy manager of Project Zhengzhou 107 Sideway Tunnel (鄭州107輔道道路及下穿隧道項目) from March 2011 to November 2011; a deputy project manager of Jingguang Interchange (京廣互通立交橋) and Xihang Interchange (西航立交橋) which were parts of The Third Ring Highway Project (三環快速化工程), a project manager of Beijing-Guangzhou North BT Construction Phase II from October 2013 to May 2016; a deputy chief of West Extension of Jinshui Road Project (金水路西延工程); and a deputy manager of the Issuer from December 2012 to December 2013. Mr. Liu graduated from Zhengzhou Industrial College (鄭州工學院) with a bachelor's degree.

Mr. Fan Ruzhou (樊汝州), age 57, has been a member of the board of supervisors of the Issuer since December 2013 and a member of Communist Party Committee of the Issuer since July 2014. He served at the command of the No. 23 Regiment (二十三集團軍司令部) as a classified information specialist from October 1983 to October 1986. He served in various positions at Henan Jianwu Co., Ltd. (河南省建五公司) from October 1986 to October 2004, including as an officer at the party office, the secretary of the manager's office and the director of the Political Affairs Department. He served as the manager of Zhengzhou Construction Market Trading Service Centre (鄭州市建築市場交易服務中心) from October 2004 to October 2007. He served in various positions at the Group from October 2007 to October 2018, including as manager of the General Department, director of the Corporate Management Department, a member of Communist Party Committee of the Issuer and the secretary of the Party Discipline Inspection Committee. He graduated from the Henan Party Committee College (河南省委黨校) with a specialist diploma (專科).

Mr. Wang Liuyang (王柳洋), age 40, has been a member of the board of supervisors of the Issuer since April 2017. He is an engineer. Mr. Wang previously served in other capacities: a chief technician of China Railway Bureau No. 2 Group Co., Ltd. (中國中鐵二局集團公司) from July 2003 to February 2006; held a position where he was responsible for construction site management at China Railway Bureau No. 2 Chengtong Company Limited (中鐵二局城通公司) from March 2006 to February 2010; a project chief supervisor of Shanghai Construction Supervision Co., Ltd.

(上海市建設監理公司) for Beijing-Guangzhou Road and Shakou Road Highway Alteration Construction Projects (鄭州市京廣路沙口路快速通道工程項目) from March 2010 to August 2012; served at the Operation Department of Henan Coal Chemical Industry Group Co., Ltd. (河南煤業化工集團有限公司) from September 2012 to March 2014; director of the Project Management Department of the Group since March 2014. He also serves as the general manager and director of Henan Urban Investment Chengzhu Industrial, Co., Ltd and serves as a director and deputy general manager of Henan Urban Investment Zhonghejianfang Construction Co., Ltd. (河南城投中和建方建設有限公司). Mr. Wang graduated from Guangdong Industrial University (廣東工業大學) with a bachelor's degree.

Ms. Zhao Yingli (趙英麗), age 37, has been an employee representative member of the board of supervisors of the Issuer since April 2017 and the deputy manager of the Finance Management Department of the Group since April 2010. She served at the finance departments of two subsidiaries of Yangguang Holding Co., Ltd. (陽光控股有限公司財務中心) from January 2007 to March 2010. Ms. Zhao graduated from Zhengzhou Aviation Industrial Management College (鄭州航空工業管理學院) with a bachelor's degree.

Mr. Li Xinjun (李鑫均), age 34, has been an employee representative member of the board of supervisors of the Issuer since April 2017. He joined the Financing Department of the Group in June 2009 as an officer. He was promoted as the deputy manager of the Financing Department of the Group in June 2012 and has been the manager of the Financing Department of the Group since March 2014. Mr. Li graduated from the Chinese People's Liberation Army Anti-Air Commander Academy (中國人民解放軍防空兵指揮學院) with a bachelor's degree.

SENIOR MANAGEMENT

The Issuer's senior management currently consists of one general manager, three deputy general managers and a chief accountant. The following table sets forth the Issuer's senior management as at the date of the Offering Circular:

Name	Age	Position
Xue Songsen (薛松森).	60	Director and general manager
Gao Zhipeng (高志鵬).	47	Deputy general manager
Zhang Baogui (張寶貴)	50	Deputy general manager
Wei Xian (魏霰)	53	Deputy general manager
Ji Junli (吉俊麗)	53	Chief accountant

Mr. Xue Songsen (薛松森), Please see "*Directors, Management, Senior Management — Director*" above for more details.

Mr. Gao Zhipeng (高志鵬), age 47, has been the deputy general manager of the Issuer since December 2013. He is a mid-level economist. Mr. Gao served as a chief of the Kaifeng Office and a city manager of the Zhengzhou Office of the Central China Region of Nongfu Spring

Corporation Limited (農夫山泉股份有限公司華中大區開封辦事處和鄭州辦事處) from July 2000 to April 2003 and a department deputy manager of Zhengzhou Branch, China Unicom from May 2003 to November 2008. He joined the Issuer in December 2008 and was the director of Financing Department of the Issuer from December 2009 to November 2013. He graduated from Henan University (河南大學) with a bachelor's degree.

Mr. Zhang Baogui (張寶貴), age 50, has been the deputy general manager of the Issuer since December 2013. He is a senior engineer and Class A Constructor (一級建造師). Mr. Zhang served in various positions at China Water Electricity No. 11 Construction Bureau (中國水電第十一工程局) from July 1993 to May 2003, including as a director level engineer, the deputy director of the Engineer Department, the deputy section chief of Tunnel Boring Machine Section, the deputy project manager and the deputy chief engineer. He worked as a deputy engineer in chief at Beijing Zhenchong Engineering Co., Ltd. (北京振沖工程股份有限公司) from May 2003 to December 2013. He graduated from Hehai University (河海大學) with a bachelor's degree.

Ms. Wei Xian (魏霰), age 53, has been the deputy general manager of the Issuer since December 2013. She is a senior economist. Ms. Wei served as a technician at the iron tower processing factory of Henan Electricity Substation and Transmission Construction Co., Ltd. (河南送變電建設公司鐵塔加工廠) from July 1990 to September 1991; an engineer and senior economist at the infrastructure division (基建處) of Henan Electricity Substation and Transmission Construction Co., Ltd. from September 1991 to April 2005; the director of Consultancy Department and the standing deputy general manager of Zhengzhou Construction Consultancy Co., Ltd. (鄭州建設投資諮詢有限公司) from April 2005 to April 2010; the deputy general manager of Henan Construction & Property Co., Ltd (河南建投置業有限公司) and Henan Weibo Property Co., Ltd. (河南偉博置業有限公司) from May 2010 to May 2012; and the standing deputy general manager of Zhengzhou Zhongding Real Estate Co., Ltd. (鄭州中鼎置業有限公司) from June 2012 to November 2013. She graduated from Northeast Electricity College (東北電力學院) with a bachelor's degree.

Ms. Ji Junli (吉俊麗), age 53, has been the chief accountant of the Issuer since December 2013. She is a senior economist. Ms. Ji served as a staff member at Zhengzhou Material Bureau (鄭州物資局) from July 1991 to April 1996; a deputy director of the Finance Division of Zhengzhou Property Group (鄭州物產集團) from May 1996 to July 2007; a deputy officer level staff of the Supervision Office, Zhengzhou Finance Bureau (鄭州市財政局監督辦) from August 2007 to November 2013. She graduated from Shaanxi Financial College (陝西財經學院) with a bachelor's degree.

CORPORATE GOVERNANCE

Corporate Structure

The Issuer has established an effective corporate structure. It has set up 12 departments at the headquarters level, namely General Management Department, Party Construction and Daily Work Department, Party Disciplinary Inspection Department, Human Resources Department, Finance Management Department, Auditing Department, Legal Affairs Department, Investment and Financing Department, Project Management Department, Research Centre, Contract and Cost Control Department, Project Development Department, Safety Management Department and Construction Management Centre.

The General Management Department (綜合管理部) is primarily responsible for the coordination, organisation, supervision and implementation of the Group's daily and administrative matters; formulating administrative rules and regulations and supervising the implementation thereof; the arrangement and documentation of meetings involving the board of directors or across different departments; and supervising and executing tasks approved by the management or board of directors; external communications and other administrative matters.

The Party Construction and Daily Work Department (黨建工作部) is primarily responsible for the day to day operation of the Communist Party Committee and executing such committee's decisions; supervision of the party branches of every department; studying of party ideology; drafting of reports and speeches and circulation of important documents; employee and party member relationship maintenance and management; inspection of party branches and evaluation; organising party meeting and training; evaluation of party members; information disclosure; record keeping and file management of party members, and public relations management.

The Party Disciplinary Inspection Department (紀檢工作部) is primarily responsible for promotion of general and strict party governance, strengthening party construction work and clean corporate governance, anti-corruption work and internal inspections.

The Human Resources Department (人力資源部) is primarily responsible for setting up plans relating to human resources, promoting staff quality by enforcing performance-based bonus policies, payroll and social insurance management, training, recruitment and daily management.

The Finance Management Department (財務管理部) is primarily responsible for setting up plans for internal accounting management and accounting review; daily fund management, cost control and accounting review; account management and assistance in establishing finance plans and use of proceeds; filing finance related statistics and bookkeeping; supervision of accounting of subsidiaries; training of professionals; establishing performance criteria for subsidiaries; supervision of change of value in assets and management of the Group's assets.

The Auditing Department (審計工作部) is primarily responsible for formulating the internal audit work system in accordance with national laws and regulations and in light of the Group's actual situation; formulating and implementing the Group's annual audit work plan; participating in the annual financial audit; monitoring the implementation of the Group's internal control systems and evaluating its effectiveness; and supervising and monitoring the authenticity, legitimacy and efficiency of the Group's economic activities and related revenues and expenditures.

The Legal Affairs Department (法律事務部) is primarily responsible for compliance by the Group with the national laws, regulations and relevant rules and regulations; reviewing contracts to which the Group is a party, participating in the negotiation and drafting of contracts; offering legal advices relating to the Group's business and carrying out legal risk assessments; monitoring and handling litigations, arbitrations, administrative proceedings and hearings involving the Group; selection of external lawyers, maintenance of regular business contacts with external lawyers; and other legal matters assigned by the management of the Group.

The Investment and Financing Department (投融資部) is primarily responsible for arrangement and management of investment and financing activities of the Group; managing relationships with banks and financial institutions; public relations with banks and financial institutions; monitoring debt and liabilities in relation to guarantees made by the Issuer or its subsidiaries to or for parties other than the Issuer or its subsidiaries; record keeping, file management and monitoring of performance of the Group's members, investing entities and project companies.

The Project Management Department (工程管理部) is primarily responsible for enforcement of laws and national standards; quality management and safety; regular inspection; coordination on road construction; giving advice on construction plan and drafts; drafting contracts and related negotiations; supervision of contract execution; drafting construction management documents and plans, collection of technology related materials; organising inspection of quality of construction; setting up plans for material quality issues; organising meetings; clearance of construction approvals and organising of completion inspection and reports; supervision of changes in technology and early stage drafts and establishment of budgets.

The Research Centre (研發中心) is primarily responsible for management of government-sponsored research projects; patent application for research products; information gathering regarding the domestic construction industry; research and development of new technologies, new materials and new equipment for construction work; technology support and management of promotion and coordination of research institutions.

The Contract and Cost Control Department (合約造價部) is primarily responsible for evaluating tenders, contracts, cost analysis and audit management; organising field inspections, design, supervision and construction; drafting and reviewing contracts and any related matters; monitoring the performance of contracts; and effecting payment management and settlement.

The Project Development Department (項目開發部) is primarily responsible for the following matters: establishing plans for primary and secondary land development based on the Group's strategy; interpretation of law and policy in relation to primary and secondary land development and ancillary matters in relation to land development. It is also responsible for improvements in the agricultural, ecological and environmental aspects of primary and secondary land, the management of project companies and assisting of other departments.

The Safety Management Department (安全管理部) is primarily responsible for the implementation of the production safety related laws and regulations; supervision on the resettlement process and demolition; liaison with the government resettlement office; the daily management, supervision and inspection of the Group's production safety matters and environmental protection matters; evaluation of production safety measures; formulation of safety emergency management plan of the Group.

The Construction Management Centre (建設管理中心) is primarily responsible for coordination with the Project Management Department and the Contract and Cost Control Department.

Internal Control System

The Group has put in place risk management policies and governance measures relating to internal audit, related party transactions, external guarantees and capital funding. These policies and measures are in accordance with relevant laws and regulations and the articles of association of the Issuer to establish sound corporate governance and standardised operations.

Major Decision-making Policies are implemented by formulating the "Implementation Measures for 'Three Important and One Major' Decision-making System" ("三重一大"決策制度實施辦法) (the "**Measures**") in accordance with the PRC government's requirement that enterprises shall adhere to principles of legal compliance, collective decision-making, professionalism and high efficiency based on standardised operations to strengthen strategic leadership, enhance risk prevention and control, and make decisions based on scientific principles. The Measures identify the scope of matters related to "important decisions, important personnel appointments and removals, important project arrangements and major capital operations (重大決策、重要人士任免、重大項目安排和大額度資金)" and stipulates the decision-making process involving these criteria. According to the Measures, the chairman of the board and the head of the Communist Party Committee shall be the principal person responsible for the implementation of the measures. The Communist Party Committee, the board of directors and management shall make collective decisions regarding the Measures within the scope of responsibility through meetings, in lieu of individual consultations.

Internal Audit Policies must meet the Standards for Internal Control of Enterprises (企業內部控制基本規範), the Measures for Bank Account Administration (銀行賬戶管理辦法), the Measures for Payment and Settlement (支付結算辦法), the Interim Administrative Regulations for Cash (現

金暫行管理條例), Law of the People's Republic of China on Negotiable Instruments (中華人民共和國票據法) and other relevant laws and regulations. The Issuer has formulated the Systems and Measures for Financial Management (財務管理制度及辦法) to improve the Issuer's management of budget, cash and cash equivalents, borrowings, reimbursements, fund appropriations, invoices, financial seals, confidentiality of financial staff and the financial management of the subsidiaries.

Related Transaction Policies are implemented through the Related Transaction Management System (關聯交易管理制度) in accordance with relevant laws and regulations, the articles of association of the Issuer and the Accounting Standards for Business Enterprises (企業會計準則). It establishes the basic rules and principles of related transaction, definition of related parties, decision-making authority, and procedural rules for related transactions, pricing system, information disclosure measures, violation of laws and regulations and penalties.

External Guarantee Policies have been put in place by the Issuer to ensure external guarantees are reviewed and approved by the board of directors or the shareholder of the Issuer. Before external guarantees can be provided, the Issuer is required to obtain approval of the board of directors and, under certain circumstances, shareholder's approval. Once approved, the Issuer may provide guarantees for enterprises that provide guarantees for the Issuer, or business partners that have a close relationship with the Issuer. The following external guarantee items require approval of the shareholder: (i) any guarantee provided by the Issuer or its subsidiaries resulting in the total amount of external guarantee reaching or exceeding 50 per cent. of the net assets recorded in the latest audited financial statements of the Group; (ii) any guarantee provided by the Issuer or its subsidiaries resulting in the total amount of external guarantee reaching or exceeding 30 per cent. of the total assets recorded in the latest audited financial statements of the Group; (iii) any guarantee provided to an entity with a debt to asset ratio exceeding 70 per cent.; (iv) a guarantee exceeding 10 per cent. of net assets recorded in the latest audited financial statements of the Group; and (v) any guarantee provided for the shareholder, *de facto* controller, and their related parties of the Issuer.

Financing Management Policies specify the principles of financing management, the decision-making departments for financing transactions and the management of processes relating to financing, in accordance with relevant laws and regulations and the articles of association of the Issuer. The board of directors of the Issuer together with the board and supervisors of the Issuer and the senior management shall make collective decisions regarding financing transactions. The financing department and accounting department implement and manage financing activities. These departments prepare annual financing plans taking into account of operating strategies, budget, capital status and other factors. The annual financing plan has to be approved by the board of directors with reference to prevailing financing quota that the Group is subject to under the articles of association and applicable regulations before implementation. Any form of financing contract, guarantee contract or mortgage contract is strictly prohibited without permission and authorisation. Any financing activity outside of the scope of the annual financing plan shall be reviewed and approved by the board of directors or shareholder before implementation.

TAXATION

The following summary of certain tax consequences of the purchase, ownership and disposition of the Notes is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Notes or any person acquiring, selling or otherwise dealing in the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. Persons considering the purchase of the Notes should consult their own tax advisers concerning the tax consequences of the purchase, ownership and disposition of the Notes.

PRC

The following summary describes the principal PRC tax consequences of ownership of the Notes by beneficial owners who, or which, are not residents of the PRC for PRC tax purposes. These beneficial owners are referred to as non-PRC Noteholders in this section. In considering whether to invest in the Notes, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction. Reference is made to PRC taxes from the taxable year beginning on or after 1 January 2008.

Pursuant to the EIT Law, the IIT Law and the implementation regulations in relation to both the EIT Law and the IIT Law, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to PRC-source income derived by non-resident enterprises or individuals, respectively, subject to adjustment by applicable treaty. As the Issuer is a PRC resident enterprise for tax purposes, interest paid to non-resident Noteholders would be regarded as PRC-sourced, and therefore be subject to PRC income tax at a rate of 10 per cent. for non-resident enterprise Noteholders and at a rate of 20 per cent. for non-resident individual Noteholders (or a lower treaty rate, if any).

Such income tax shall be withheld by the Issuer that is acting as the obligatory withholder and such PRC enterprise shall withhold the tax amount from each payment or payment due. To the extent that the PRC has entered into arrangements relating to the avoidance of double taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified non-PRC resident enterprise Noteholders.

Under the EIT Law and its implementation rules, any gains realised on the transfer of the Notes by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC.

Under the EIT Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Notes by non-resident enterprise holders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, under the IIT Law, any individual who has no domicile and does not live within the territory of the PRC or who has no domicile but has lived within the territory of China for less than one year shall pay individual income tax for any income obtained within the PRC. There is uncertainty as to whether gains realised on the transfer of the Notes by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Notes minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement, Noteholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Notes if such capital gains are not connected with an office or establishment that the Noteholders have in the PRC and all the other relevant conditions are satisfied.

Value-added Tax ("VAT")

On 23 March 2016, the MOF and the SAT issued Circular 36 which confirms that business tax will be completely replaced by VAT from 1 May 2016. Since then, the income derived from the provision of financial services which attracted business tax will be entirely replaced by, and subject to, VAT.

According to Circular 36, the entities and individuals providing the services within China shall be subject to VAT. The services are treated as being provided within China where either the service provider or the service recipient is located in China. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the "loans" refers to the activity of lending capital for another's use and receiving the interest income thereon. Based on the definition of "loans" under Circular 36, the issuance of Notes is likely to be treated as the holders of the Notes providing loans to the Issuer, which thus shall be regarded as financial services subject to VAT. Further, given that the Issuer is located in the PRC, the holders of the Notes would be regarded as providing the financial services within

China and consequently, the holders of the Notes shall be subject to VAT at the rate of 6 per cent. when receiving the interest payments under the Notes. In addition, the holders of the Notes shall be subject to the local levies at approximately 12 per cent. of the VAT payment and consequently, the combined rate of VAT and local levies would be around 6.72 per cent. Given that the Issuer pays interest income to Noteholders who are located outside of the PRC, the Issuer, acting as the obligatory withholder in accordance with applicable law, shall withhold VAT and local levies from the payment of interest income to Noteholders who are located outside of the PRC.

Where a holder of the Notes who is an entity or individual located outside of the PRC resells the Notes to an entity or individual located outside of the PRC and derives any gain, since neither the service provider nor the service recipient is located in the PRC, theoretically Circular 36 does not apply and the Issuer does not have the obligation to withhold the VAT or the local levies. However, there is uncertainty as to the applicability of VAT if either the seller or buyer of Notes is located inside the PRC.

Circular 36 has been issued quite recently, the above statement may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of Circular 36.

Pursuant to the EIT Law, the Business Tax Laws and the VAT reform detailed above, the Issuer shall withhold EIT, (should such tax apply) from the payments of interest in respect of the Notes for any non-PRC-resident Noteholder and the Issuer shall withhold VAT (should such tax apply) from the payments of interest in respect of the Notes for any Noteholders located outside of the PRC. However, in the event that the Issuer is required to make such a deduction or withholding (whether by way of EIT or VAT otherwise), the Issuer has agreed to pay such additional amounts as will result in receipt by the Noteholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required. For more information, see "*Terms and Conditions of the Notes — Condition 7 (Taxation)*".

No PRC stamp duty will be imposed on non-PRC Noteholders either upon issuance of the Notes or upon a subsequent transfer of Notes to the extent that the register of holders of the Notes is maintained outside the PRC and the issuance and the sale of the Notes is made outside of the PRC.

HONG KONG

Withholding tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business.

Under the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**Inland Revenue Ordinance**"), as it is currently applied in the Inland Revenue Department, interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(i) interest on the Notes derived from Hong Kong is received by or accrues to a corporation (other than a financial institution) carrying on a trade, profession or business in Hong Kong; or

(ii) interest on the Notes derived from Hong Kong is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business; or

(iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong, notwithstanding that the moneys in respect of which the interest is received or accrues are made available outside Hong Kong; or

(iv) interest on the Notes is received by or accrues to a corporation (other than a financial institution) and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the Inland Revenue Ordinance), notwithstanding that the moneys in respect of which the interest is received or accrues are made available outside Hong Kong.

Sums derived from the sale, disposal or redemption of Notes (other than capital gains) will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of, including where such activities were undertaken.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Notes will be subject to profits tax.

Sums received by or accrued to a corporation (other than a financial institution) by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the Inland Revenue Ordinance) from the sale, disposal and redemption of Notes will be subject to profits tax.

In certain circumstances, Hong Kong profits tax exemptions may be available to certain qualifying investors. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual positions.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Note (for so long as the register of holders of the Notes is maintained outside Hong Kong).

UNITED STATES' FOREIGN ACCOUNT TAX COMPLIANCE ACT TAX PROVISIONS

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining "foreign passthru payments" are published in the U.S. Federal Register, and Notes issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if additional notes (as described under "*Terms and Conditions of the Notes — Condition 15 (Further Issues)*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

PRC REGULATIONS

This section summarises the principal PRC laws and regulations which are relevant to the Group's business and operations. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations which are relevant to the Group's business and operations.

NDRC REGISTRATION

On 14 September 2015, the NDRC issued the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) (the "**NDRC Notice**"), which became effective on the same day. In order to encourage the use of low-cost capital from the international capital markets in promoting investment and steadying growth and to facilitate cross-border financing, the NDRC

Notice abolishes the case-by-case quota review and approval system for the issuance of foreign debts by PRC enterprises and sets forth the following measures to promote the administrative reform of the issuance of foreign debts by PRC enterprises or overseas enterprises and branches controlled by PRC enterprises:

- steadily promote the administrative reform of the filing and registration system for the issuance of foreign debts by enterprises;
- increase the size of foreign debts issued by enterprises, and support the transformation and upgrading of key sectors and industries;
- simplify the filing and registration of the issuance of foreign debts by enterprises; and
- strengthen the supervision during and after the process to prevent risks.

For the purposes of the NDRC Notice, "**foreign debts**" means RMB-denominated or foreign currency-denominated debt instruments with a maturity of one year or above which are issued offshore by PRC enterprises and their controlled offshore enterprises or branches and for which the principal and interest are repaid on the terms set out therein, including offshore bonds and long-term and medium-term international commercial loans, etc. According to this definition, offshore bonds issued by both PRC enterprises and their controlled offshore enterprises or branches shall be regulated by the NDRC Notice.

Pursuant to the NDRC Notice, an enterprise must: (i) apply to the NDRC for the filing and registration procedures prior to the issuance of the bonds; and (ii) report the information on the issuance of the bonds to NDRC within ten working days after the completion of each issuance.

The materials to be submitted by an enterprise must include an application report and an issuance plan, setting out details such as the currency, size, interest rate, term, use of proceeds and remittance details.

To issue foreign debts, an enterprise must meet these basic conditions:

- have a good credit history with no default in its issued bonds or other debts;
- have sound corporate governance and risk prevention and control mechanisms for foreign debts; and
- have a good credit standing and relatively strong capability to repay its debts.

Pursuant to the NDRC Notice, the NDRC must control the overall size of foreign debts that can be raised by PRC enterprises and their controlled overseas branches or enterprises. Based on trends in the international capital markets, the needs of the PRC economic and social development and the capacity to absorb foreign debts, the NDRC must reasonably determine the overall size of foreign debts and guide the funds towards key industries, key sectors, and key projects encouraged by the State, and effectively support the development of the real economy. According to the NDRC Notice, the proceeds raised may be used onshore or offshore according to the actual needs of the enterprises, but priority must be given to supporting the investment in major construction projects and key sectors, such as the "Belt and Road" Initiative (一帶一路), the Integration of Beijing-Tianjin-Hebei, the Yangtze River Economic Belt, international cooperation on production capacity, and the manufacturing of equipment. As the NDRC Notice is relatively newly published, certain detailed aspects of its interpretation and application remain subject to further clarification.

On 6 June 2019, the NDRC further issued Circular 666. It imposes the following obligations on local stated owned enterprises in relation to their record-filing and registration of foreign debts issuance:

(i) State owned enterprises are required to make record-filing and registration for their foreign debts issuance by its entity located in PRC, even if such issuance is made via an entity incorporated under the foreign laws;

(ii) State owned enterprises shall file an undertaking of truthfulness together with its application to be signed by the management of the company. Any misrepresentation in the application will be recorded in the company's record history;

(iii) Local state owned enterprise who proposes to issue foreign debt should be in operation for no less than three years;

(iv) Local state owned enterprise shall fulfill responsibilities for repayment for foreign debts in the capacity of an independent legal person. A local government or its departments shall not directly repay or undertake to repay foreign debts of a local state-owned enterprise with financial capital, or provide guarantee for the issuance of foreign debts by a local state-owned enterprise;

(v) Local state owned enterprise who is responsible for financing for local governments can raise foreign debts only if the proceeds of issuance are to be used to repay mid or long term foreign debts due within one year; and

local state owned enterprises shall enhance its disclosure in relation to the foreign debt issuance. However local state owned enterprises cannot include information in the disclosure implying governmental credit is linked with the debt.

SAFE ADMINISTRATION

According to the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) and its operating guidelines (外債登記管理操作指引), effective as at 13 May 2013 and amended on 4 May 2015, 26 April 2016 and 9 June 2016, respectively, issuers of foreign debts are required to register with the SAFE. Issuers other than banks and financial departments of the government shall go through registration or record-filing procedures with the local branch of the SAFE within 15 business days of entering into a foreign debt agreement. If the receipt and payment of funds related to the foreign debt of such issuer is not handled through a domestic bank, the issuer shall, in the event of any change in the amount of money withdrawn, principal and interest payable or outstanding debt, go through relevant record-filing procedures with the local branch of the SAFE.

According to the Circular on Relevant Matters about the Macro-Prudential Management of Cross-Border Financing in Full Aperture (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (the "**PBOC Circular**") issued by the PBOC, which is not applicable to government financing platforms or real estate enterprises, enterprises conducting cross-border financing shall complete the filing with the capital project information system of SAFE after the execution of cross-border financing contracts and three PRC business days prior to drawing for SAFE's records. Enterprises shall also promptly update information on cross-border financing and rights and interests each year (including overseas creditors, borrowing term, amount, interest rate and its net assets, etc.). In the case of any change in the audited net assets, overseas creditors, borrowing term, amount, or interest rate involved in the financing contracts, the enterprise shall promptly file the change for SAFE's records.

In accordance with the Notice of the State Administration of Foreign Exchange on the Issuance of "Guidelines of Foreign Exchange Operations on Capital Projects (2020 Edition)" (國家外匯管理局綜合司關於印發《資本項目外匯業務指引(2020年版)》的通知) issued by the SAFE in

January 2021 which came into effect on the same date, issuers shall complete foreign debt registration with the local branches of SAFE within five PRC business days after the bonds have been issued.

PBOC REGISTRATION

On 12 January 2017, the PBOC issued the PBOC Circular. Under the PBOC Circular, an enterprise shall report the information on the conclusion of cross-border financing contracts to the capital account information system of the SAFE for recordation after the date of conclusion but no later than three working days before the withdrawal date. In addition, the enterprise is also required to update the information with respect to the cross-border financing every year. If the audited net assets, or the creditor, loan terms, amount or interest rate of the cross-border financing agreement changes, the enterprise is required to complete the change of the filing in due course.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations, directives and local laws, laws of Special Administrative Regions and laws resulting from international treaties entered into by the PRC government. In general, PRC court judgments do not constitute binding precedents. However, they are used for the purposes of judicial reference and guidance.

The National People's Congress of the People's Republic of China (the "**NPC**") and the "Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the State. The NPC has the power to amend the PRC Constitution and enact and amend basic laws governing State agencies and civil, criminal and other matters. The Standing Committee of the NPC is empowered to enact and amend all laws except for the laws that are required to be enacted and amended by the NPC.

The State Council is the highest organ of the State administration and has the power to enact administrative rules and regulations. The ministries and commissions under the State Council are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. All administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul such administrative rules, regulations, directives and orders.

At the regional level, the provincial and municipal congresses and their respective standing committees may enact local rules and regulations and the people's governments may promulgate administrative rules and directives applicable to their own administrative areas. These local rules and regulations must be consistent with the PRC Constitution, the national laws and the administrative rules and regulations promulgated by the State Council.

The State Council, provincial and municipal governments may also enact or issue rules, regulations or directives in new areas of the law for experimental purposes or in order to enforce the law. After gaining sufficient experience with experimental measures, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

The PRC Constitution vests the power to interpret laws in the Standing Committee of the NPC. The Supreme People's Court, in addition to its power to give general interpretation on the application of laws in judicial proceedings, also has the power to interpret specific cases. The State Council and its ministries and commissions are also vested with the power to interpret rules and regulations that they have promulgated. At the regional level, the power to interpret regional rules and regulations is vested in the regional legislative and administrative bodies which promulgated such laws.

THE PRC JUDICIAL SYSTEM

Under the PRC Constitution and the Law of Organisation of the People's Courts, the judicial system is made up of the Supreme People's Court, the local courts, military courts and other special courts.

The local courts are comprised of the basic courts, the intermediate courts and the higher courts. The basic courts are organised into civil, criminal, economic, administrative and other divisions. The intermediate courts are organised into divisions similar to those of the basic courts, and are further organised into other special divisions, such as the intellectual property division. The higher level courts supervise the basic and intermediate courts. The people's procuratorate also have the right to exercise legal supervision over the civil proceedings of courts at the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC; it supervises the administration of justice by all other courts.

The courts employ a two-tier appellate system. A party may appeal against a judgment or order of a local court to the court at the next higher level. Second judgments or orders given at the next higher level and the first judgments or orders given by the Supreme People's Court are final. If, however, the Supreme People's Court or a court at a higher level finds an error in a judgment which has been given by any court at a lower level, or the president of a court finds an error in a judgment which has been given in the court over which he presides, the case may then be retried in accordance with the judicial supervision procedures.

The Civil Procedure Law of the PRC (民事訴訟法), which was adopted on 9 April 1991 and amended on 28 October 2007, 31 August 2012 and 27 June 2017, respectively, sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, *provided that* the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of the contract, the place of execution or implementation of the contract or the place of the object of the contract or any other places materially connected with the dispute. However, such contractual selection may not override the stipulations of the mandated jurisdiction of the different levels of court and the exclusive jurisdiction of a given court in any case.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or order made by a court or an award granted by an arbitration panel in the PRC, the aggrieved party may apply to the court to request for enforcement of the judgment, order or award. The time limit imposed on the right to apply for such enforcement is two years. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by any party to the action, mandatorily enforce the judgment.

A party seeking to enforce a judgment or order of a court against a party who is not located within the PRC and does not own any property in the PRC may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or order. A foreign judgment or ruling may also be recognised and enforced by a PRC court in accordance with the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination in accordance with the principle of reciprocity, unless the court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

PRC CURRENCY CONTROLS

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to control imposed under PRC law.

Current Account Items

Under the PRC foreign exchange control regulations, current account item payments include payments for imports and exports of goods and services, payments of income and current transfers into and outside the PRC.

Prior to July 2009, all current account items were required to be settled in foreign currencies. Since July 2009, the PRC has commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. In June 2010, August 2011 and February 2012 respectively, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Program of Renminbi Settlement of Cross-Border Trades (關於擴大跨境貿易人民幣結算試點有關問題的通知), the Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement (關於擴大跨境貿易人民幣結算地區的通知) and the Notice on Matters Relevant to the Administration of Enterprises Engaged in Renminbi Settlement of Export Trade in Goods (關於出口貨物貿易人民幣結算企業管理有關問題的通知) (together, the "**Circulars**") with regard to the expansion of designated cities and offshore jurisdictions implementing the pilot Renminbi settlement scheme for cross-border trades. Pursuant to these Circulars, (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts were expanded to cover all provinces and cities in the PRC, (iii) the restriction on designated offshore districts has been lifted and (iv) any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports of goods, **provided that** the relevant provincial government has submitted to PBOC and five other PRC authorities (the "**Six Authorities**") a list of key enterprises subject to supervision and the Six Authorities have verified and signed off such list (the "**Supervision List**").

On 5 July 2013, the PBOC promulgated the Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures (關於簡化跨境人民幣業務流程和完善有關政策的通知) (the "**2013 PBOC Circular**"), which, in particular, simplifies the procedures for cross-border Renminbi trade settlement under current account items. For example, PRC banks may conduct settlement for PRC enterprises (excluding those on the Supervision List) upon the PRC enterprises presenting the payment instruction. PRC banks may also allow PRC enterprises to make/receive payments under current account items prior to the relevant PRC bank's verification of underlying transactions (noting that verification of underlying transactions is usually a precondition for cross-border remittance).

The Circulars and the 2013 PBOC Circular are subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these circulars and impose conditions for settlement of current account items.

Capital Account Items

Under the applicable PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of and/or registration or filing with the relevant PRC authorities.

Until recently, settlement for capital account items were generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) are required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or relevant PRC parties were also generally required to make capital account payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency.

On 10 May 2013, SAFE promulgated the Provisions on the Foreign Exchange Administration of Domestic Direct Investment by Foreign Investors (外國投資者境內直接投資外匯管理規定) (the "**SAFE Provisions**"), which became effective on 13 May 2013. According to the SAFE Provisions, foreign investors can use cross-border Renminbi (including Renminbi inside and outside the PRC held in the capital accounts of non-PRC residents) to make a contribution to an onshore enterprise or make a payment for the transfer of an equity interest of an onshore enterprise by a PRC resident within the total investment amount approved by the competent authorities (for example, MOFCOM and/or its local counterparts as well as financial regulators). Capital account transactions in Renminbi must generally follow the current foreign exchange control regime applicable to foreign currencies.

On 3 December 2013, MOFCOM promulgated the Announcement on Issues in relation to Cross-border Renminbi Foreign Direct Investment (商務部關於跨境人民幣直接投資有關問題的公告(2013年第87號)) (the "**MOFCOM Announcement**"), which became effective on 1 January 2014, to further facilitate foreign direct investment by simplifying and streamlining the applicable regulatory framework. Pursuant to the MOFCOM Announcement, the appropriate office of MOFCOM and/or its local counterparts will grant written approval for each foreign direct investment and specify "Renminbi Foreign Direct Investment" and the amount of capital contribution in the approval. The MOFCOM Announcement also removes the approval requirement for foreign investors who intend to change the currency of its existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Announcement specifically prohibits the use of funds used for foreign direct investment for any investment in securities and financial derivatives (except for investment in the PRC listed companies as strategic investors) or for entrustment loans in the PRC.

Under current rules promulgated by SAFE, foreign debts borrowed and the foreign security provided by an onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt and foreign security regime.

The SAFE Provisions, the MOFCOM Circular and the Administrative Measures on Renminbi Settlement of Foreign Direct Investment (外商直接投資人民幣結算業務管理辦法) (the "**PBOC FDI Measures**"), which are new regulations and were revised on 5 June 2015, have been promulgated to control the remittance of Renminbi for payment of transactions categorised as capital account items and such new regulations are subject to interpretation and application by the relevant PRC authorities. The Circular on Reforming the Administrative Approach of the Foreign Exchange Capital Settlement for Foreign Invested Enterprises (關於改革外商投資企業外匯資本金結匯管理方式的通知) became effective on 1 June 2015 (the "**2015 SAFE Circular**"). In addition to the option to settle foreign current capital through payment-based foreign exchange settlement (支付結匯制), the 2015 SAFE Circular allows foreign-invested enterprises to settle up to 100 per cent. (subject to future adjustment at discretion of SAFE) of the foreign currency capital (which has been processed through the SAFE's equity interest confirmation procedure for capital contribution in cash or registered by a bank on the SAFE's system for account-crediting for such capital contribution) into Renminbi according to their actual operational needs on a voluntary basis. In principle, the Renminbi proceeds through the aforementioned voluntary settlement shall be deposited into designated bank account called capital account item — account for foreign currency settlement pending payment (資本項目 — 結匯待支付賬戶) (the "**Account for Foreign Currency Settlement Pending Payment**") as opened by such foreign-invested enterprise, and accordingly all future payments shall be processed from such Account for Foreign Currency Settlement Pending Payment. A negative list with respect to the usage of the foreign currency capital and the Renminbi proceeds settled therefrom is set forth under the 2015 SAFE Circular. In particular, a foreign invested enterprise with investment as its main business (including the foreign-invested investment company (外商投資性公司), foreign-invested venture capital enterprise (外商投資創業投資企業) or foreign-invested equity investment enterprise (外商投資股權投資企業)) is permitted to use the Renminbi proceeds settled from its foreign currency capital (whether directly settled, or from the Renminbi deposit in its Account for Foreign Currency Settlement Pending Payment as previously settled through voluntary settlement) to make equity contribution to its invested enterprises directly, without further filings with SAFE. PRC entities are also permitted to borrow Renminbi-denominated loans from foreign lenders (which are referred to as "**foreign debt**") and lend Renminbi-denominated loans to foreign borrowers (which are referred to as "**outbound loans**"), as long as such PRC entities have the necessary quota, approval or registration. PRC entities may also denominate security or guarantee arrangements in Renminbi and make payments thereunder to parties in the PRC as well as other jurisdictions (which is referred to as "**cross-border security**").

On 9 June 2016, the SAFE promulgated the Notice on Reforming and Standardizing the Administrative Provisions on Capital Account Foreign Exchange Settlement (關於改革和規範資本項目結匯管理政策的通知([2016]16號), the "**SAFE Circular 16**") which took effect on the same day. According to the SAFE Circular 16, enterprises registered in PRC could settle the external debts in foreign currencies to Renminbi at their own discretion. The SAFE Circular 16 sets a uniform standard for discretionary settlement of foreign currencies under capital accounts (including but not limited to foreign currency capital, foreign debts and repatriated funds raised through overseas listing), which is applicable to all enterprises registered in PRC. It reiterated that the Renminbi funds obtained from the settlement of foreign currencies shall not be used directly or indirectly for purposes beyond the company's scope of business, and shall not be used for domestic securities investment or investments and wealth management products other than principal-protected products issued by banks, unless otherwise expressly prescribed. Furthermore, such Renminbi funds shall not be used for disbursing loans to non-affiliated enterprises, unless the scope of business expressly provides so; and shall not be used to construct or purchase real estate not for self-use (except for real estate enterprises).

Under current rules promulgated by SAFE, foreign debts borrowed, outbound loans extended, and the cross-border security provided by a PRC onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt, outbound loan and cross-border security regimes applicable to foreign currencies. However, there remains potential inconsistencies between the provisions of the SAFE rules and the provisions of the 2013 PBOC Circular. It is not clear how regulators will deal with such inconsistencies in practice.

Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

REGULATION ON FISCAL DEBTS OF LOCAL GOVERNMENTS

In accordance with Guidance on Further Strengthening Adjustment of Credit Structure to Promote Fast and Smooth Development of National Economy (中國人民銀行中國銀行業監督管理委員會關於進一步加強信貸結構調整促進國民經濟平穩較快發展的指導意見) issued jointly by the PBOC and the CBRC in March 2009, local governments are encouraged to establish financing platforms to issue financing instruments such as enterprise bonds and medium term notes. In order to strengthen the management of financing platforms and effectively prevent fiscal financial risks, the Notice on Strengthening Management of Financing Platform of Local Government (國務院關於加強地方政府融資平台公司管理有關問題的通知) ("**Circular 19**") and the Notice on Further Regulating Issuance of Bonds by Financing Platform of Local Government (國家發展改革委辦公廳關於進一步規範地方政府投融資平台公司發行債券行為有關問題的通知) ("**Circular 2881**") were separately promulgated in June 2010 and November 2010. In accordance with Circular 19, all levels of local governments shall clear up the debts of their respective financing platforms. In accordance with Circular 2881, the level of indebtedness of local governments will have an impact on the ability of the financing platform to issue enterprise bonds. On 21 September 2014, the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (國務院關於加強地方政府性債務管理的意見) ("**Circular 43**") was promulgated by the State Council. Circular 43 aims at regulating the financing system of local government. In accordance with Circular 43, financing platforms shall no longer serve the fiscal financing functions nor incur new government debts. Public interest projects may be funded by the government through issuing government bonds, since the new Budget Law of the PRC, which took effect on 1 January 2015, empowers local governments to issue government bonds, and public interest projects with income generated, such as city infrastructure construction, may be operated independently by social investors or jointly by the government and social investors through the establishment of special purpose companies. Social investors or such special purpose companies shall invest in accordance with market-oriented principles and may be funded by, among other market-oriented approaches, bank loans, enterprise bonds, project revenue bonds and asset-backed securitisation. Social investors or the special purpose companies shall bear the obligation to pay off such debts and the government shall not be liable for any of the social investors' or special purpose companies' debts. Circular 43 also sets forth the general principles of dealing with existing debts of financing platforms. Based on the auditing results of such debts run by the local governments, the existing debts that should be repaid by the local governments shall be identified, reported to State Council for approval, and then included in the budget plan of local governments.

On 11 May 2015, Opinion on the Proper Solution of the Follow-up Financing Issues for Projects under Construction of Financing Platform of Local Governments issued jointly by the Ministry of Finance of the PRC, PBOC and the CBRC (財政部人民銀行銀監會關於妥善解決地方政府融資平台公司在建項目後續融資問題意見的通知) ("**Circular 40**") was promulgated by the General Office of the State Council of the PRC. In accordance with Circular 40, local governments at all levels and banking financial institutions shall properly deal with follow-up financing issues for projects under construction of financing platform companies. Projects under construction refer to projects that have started construction upon the completion of examination, approval or filing procedures in accordance with relevant regulations by competent investment authorities before the date when the Circular 43 was promulgated.

The key tasks of local governments and banking financial institutions are as follows:

- **Support stock financing needs for projects under construction**. Local governments at all levels and banking financial institutions shall ensure the orderly development of projects under construction. In respect of loans to the projects under construction of financing platform companies, if the loan contracts which are legally binding have been signed before 31 December 2014 and the loans have been granted but the contracts have not yet expired, banking financial institutions shall, under the premise of fully controlling risks and implementing credit conditions, continue to grant loans as agreed in the contracts, and shall not blindly call in loans in advance, delay or suspend the granting of loans.

- **Regulate increment financing for projects under construction**. Local governments at all levels shall pay close attention to any incremental financing needs which are expected to be given fiscal support for the projects under construction of the financing platform companies, and shall, under the premise of compliance with laws and regulations and standard administration, make overall arrangements for various kinds of capital such as fiscal capital and social capital and ensure the continuation and completion of projects under construction. For the projects under construction of financing platform companies for which the loan amount in the contracts that have been signed fails to meet the construction needs, if it is suitable for them to adopt a government and social capital cooperation mode, they shall prioritise such mode to make up the needs. And if they are in compliance with the relevant state provisions without any other funding sources for construction, but temporarily the government and social capital cooperation mode is not suitable, the incremental financing needs shall be incorporated into government budget management and solved through issuing government bonds by local governments as required by laws and relevant regulations.

- **Administer in an effective and proper manner follow-up financing for projects under construction**. Banking financial institutions shall carefully check the destinations of the loans, and focus on supporting the projects under construction of financing platform companies, such as farmland water conservancy facilities, affordable housing projects and urban railway systems.

- **Improve supporting measures**. Under the premise of ensuring fiscal expenditure needs, in the regions where there are corresponding amounts of government bonds issuance and where the treasury balances exceed the treasury payment for one and a half months, the local financial departments are allowed to, within the limit of the amount of government bonds issuance, make more efforts to effectively use the stock of fiscal funds in the previous years and use the surplus amount of the treasury for capital flow before government bond issuance, so as to address the time difference between the financing for projects under construction and government bonds issuance.

Neither Circular 43 nor Circular 40 is applicable to the Notes and neither Zhengzhou SASAC nor any other government authority has any obligation to repay any amount under the Notes. In the event the Issuer does not fulfil their respective payment obligations under the Notes, investors will only be able to claim against the Issuer, and not Zhengzhou SASAC or any other government authority.

On 28 March 2018, MOF promulgated the MOF Circular 23, which came into effect on the same day. Under MOF Circular 23, when providing intermediary services for local government financing platform companies and other local state-owned enterprises regarding issuance of bonds at home and abroad, state-owned financial enterprises shall prudently evaluate the financial capability of fund-raisers and their source of funds for repayment. Where the source of revenue of bond-issuing enterprises involves fiscal funds, due diligence investigation shall be carried out, and the compliance and authenticity of fiscal funds shall be diligently verified. In bond prospectus and other documents, local financial revenues and expenditures, government debt data, or any other information implicitly or explicitly indicating support of government credit shall not be disclosed, and misleading publicity connecting with government credit shall be prohibited. It shall be specified in relevant transaction documents that the local government shall only assume limited liability to the extent of its amount of contribution and the relevant debts shall be repaid by local state-owned enterprises as independent legal persons.

On 11 May 2018, NDRC and MOF jointly issued the Joint Circular 706. Under Joint Circular 706, enterprises that take on foreign debts shall have materialized operations, conduct financing activities in compliance with laws after fully demonstrating the necessity of taking on such foreign debts. It is forbidden for enterprises to require or accept local governments and their subordinate departments to provide guarantees or assume debt repayment obligations for their market-oriented financing behaviours in a variety of ways, so as to ensure that “whoever borrows, who borrows from them, who borrows them, makes prudent decisions, and takes risks at his own expense”. Further, the assets owned by such enterprises shall be of good quality, the ownership shall be clear.

It is forbidden that public schools, public hospitals, public cultural facilities, parks, public squares, government office buildings, municipal roads, non-toll bridges, non-operating water conservancy facilities, non-toll pipeline network facilities, reserved land use rights and other assets relating to public interests be accounted into enterprises' assets. It is restated that in bond prospectus and other documents, local financial revenues and expenditures, government debt data, or any other information implicitly or explicitly indicating support of government credit shall not be disclosed, and misleading publicity connecting with government credit shall be prohibited, and it shall be specified in relevant transaction documents that the local government shall only assume limited liability to the extent of its amount of contribution and the relevant debts shall be repaid by local state-owned enterprises as independent legal persons.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN PRC GAAP AND IFRS

The Financial Statements included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. The following is a general summary of certain differences between PRC GAAP and IFRS on recognition and presentation as applicable to the consolidated financial statements of the Group. The Group is responsible for preparing the summary below. Since the summary is not meant to be exhaustive, there can be no assurance regarding the completeness of the financial information and related footnote disclosure between PRC GAAP and IFRS and no attempt has been made to quantify such differences. Had any such quantification or reconciliation been undertaken by the Group, other potentially significant accounting and disclosure differences may have been required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate PRC GAAP and IFRS have significant ongoing projects that could affect future comparisons or events that may occur in the future.

Accordingly, no assurance is *provided that* the following summary of differences between PRC GAAP and IFRS is complete. In making an investment decision, each investor must rely upon its own examination of the Group, the terms of the offering and other disclosure contained herein. Each investor should consult its own professional advisors for an understanding the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

REVERSAL OF AN IMPAIRMENT LOSS

Under PRC GAAP, once an impairment loss is recognised for a long term asset (including fixed assets, intangible assets and goodwill, etc.), it shall not be reversed in any subsequent period. Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill could be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

RELATED PARTY DISCLOSURES

Under PRC GAAP, government-related entities are not treated as related parties. Under IFRS, government-related entities are still treated as related parties.

ASSET VALUATION

Under PRC GAAP, asset values are typically measured by compounding historical costs. Under IFRS, asset values can be measured either using historical costs or by re-evaluating assets (such as property, plants and equipment) to obtain their fair value, and then deducting the cumulative depreciation and impairment losses from this value.

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Joint Lead Managers on 24 August 2022 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer has undertaken, among other things, that the Notes will be issued on the Issue Date, and the Joint Lead Managers have severally and not jointly agreed with the Issuer to subscribe and pay for, or procure subscribers to subscribe and pay for, the Notes at an issue price of 100.0 per cent. of their principal amount in the amount set forth below:

Joint Lead Managers	**Principal amount of Notes to be subscribed**
	(U.S.$)
China International Capital Corporation Hong Kong Securities Limited	90,000,000
CNCB (Hong Kong) Capital Limited	40,000,000
Central China International Securities Co., Limited	20,000,000
CMB International Capital Limited	20,000,000
Shenwan Hongyuan Securities (H.K.) Limited	20,000,000
ICBC International Securities Limited	20,000,000
CEB International Capital Corporation Limited	20,000,000
China Everbright Bank Co., Ltd., Hong Kong Branch	20,000,000
China Securities (International) Corporate Finance Company Limited	20,000,000
China Industrial Securities International Brokerage Limited	20,000,000
CLSA Limited	20,000,000
China Galaxy International Securities (Hong Kong) Co., Ltd	20,000,000
Haitong Bank, Macau Branch	20,000,000
Total	**350,000,000**

The Subscription Agreement provides that the Issuer has agreed to pay the Joint Lead Managers certain fees and commissions, to reimburse the Joint Lead Managers for certain of their expenses in connection with the initial sale and distribution of the Notes, and the Issuer will indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Notes. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent, and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Joint Lead Managers and their respective subsidiaries and affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Joint Lead Managers and certain of their respective subsidiaries and affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for, and entered into certain commercial banking transactions with, the Issuer and/or the Group for which they have received or will receive customary fees and expenses.

The Joint Lead Managers and their respective affiliates may purchase the Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. References herein to the Notes being offered should be read as including any offering of the Notes to the Joint Lead Managers and/or their affiliates acting in such capacity. In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The distribution of this Offering Circular, or any offering material, and the offering, sale or delivery of the Notes is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular, or any offering material, are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

Accordingly, the Notes should not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material, circular, prospectus, form of application or advertisement in connection with the Notes should be distributed or published in or from any jurisdiction, except in circumstances which will result in compliance with any applicable laws and regulations and will not, save as disclosed in this Offering Circular, impose any obligations on the Issuer or the Joint Lead Managers.

In connection with the issue of the Notes, the Stabilisation Manager (or any person(s) acting on behalf of such Stabilisation Manager) may over-allot the Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there is no obligation on such Stabilisation Manager to do this. Such stabilisation, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Such stabilisation shall be in compliance with all applicable laws, regulations and rules.

NOTICE TO CAPITAL MARKET INTERMEDIARIES AND PROSPECTIVE INVESTORS PURSUANT TO PARAGRAPH 21 OF THE HONG KONG SECURITIES AND FUTURES COMMISSION CODE OF CONDUCT — IMPORTANT NOTICE TO CMIS (INCLUDING PRIVATE BANKS)

This notice to CMIs (including Private Banks) is a summary of certain obligations the Code imposes on CMIs, which require the attention and cooperation of other CMIs (including Private Banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the Code as having an Association with the Issuer, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Notes. In addition, Private Banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer or any CMI (including its group companies) and inform the Joint Lead Managers accordingly.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any MiFID II product governance language set out elsewhere in this Offering Circular.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Notes (except for omnibus orders where underlying investor information should be provided to the OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including Private Banks as the case may be) in the order book and book messages.

CMIs (including Private Banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIs (including Private Banks) should not enter into arrangements which may result in prospective investors paying different prices for the Notes.

The Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Joint Lead Managers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Notes, Private Banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private Banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the Code. Private Banks should be aware that placing an order on a "principal" basis may require the Joint Lead Managers to apply the "proprietary orders" of the Code to such order and will require the Joint Lead Managers to apply the "rebates" requirements of the Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including Private Banks) are requested to provide the following underlying investor information, preferably in Excel Workbook format, in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including Private Banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to the OCs; (B) that they have obtained the necessary consents from the underlying investors to disclose such information to the OCs. By submitting an order and providing such information to the OCs, each CMI (including Private Banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by the OCs and/or any other third parties as may be required by the Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the Code, for the purpose of complying with the Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Joint Lead Managers may be asked to demonstrate compliance with their obligations under the Code, and may request other CMIs (including Private Banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including Private Banks) are required to provide the relevant Joint Lead Manager with such evidence within the timeline requested.

To:	China International Capital Corporation Hong Kong Securities Limited IB_CityGardenIII@cicc.com.cn *CMIs submitting orders should send ALL of the below information, at the same time as such order is submitted, to EACH OC contact set out above. Failure to do so may result in such order being rejected.*
Offering:	*Offering of U.S.$350,000,000 5.20 per cent. Notes due 2025 by Zhengzhou Urban Construction Investment Group Co., Ltd. (鄭州城建集團投資有限公司)*
Date:	
Name of CMI submitting order:	
Name of prospective investor:	
Type of unique identification of prospective investor:	*For **individual investor clients**, indicate one of the following:* *(i) HKID card; or* *(ii) national identification document; or* *(iii) passport.* *For **corporate investor clients**, indicate one of the following:* *(i) legal entity identifier (LEI) registration; or* *(ii) company incorporation identifier; or* *(iii) business registration identifier; or* *(iv) other equivalent identity document identifier.*
Unique identification number of prospective investor:	*Indicate the unique identification number which corresponds with the above "type" of unique identification.*
Order size (and any price limits):	
Other information:	

– Associations	*Identify any "**Associations**" (as used in the Code) and, if any Associations identified, provide sufficient information to enable the OCs to assess whether such order may negatively impact the price discovery process.*
– Proprietary Orders	*Identify if this order is a "**Proprietary Order**" (as used in the Code) and, if so, provide sufficient information to enable the OCs to assess whether such order may negatively impact the price discovery process.*
– Duplicated Orders (i.e. two or more corresponding or identical orders placed via two or more CMIs)	*If the prospective investor has placed an/any order(s) via other CMIs in this offering, identify if this order is (i) a separate/unique order or (ii) a duplicated order.*
Contact Information of CMI submitting the order:	*Provide 24-hour contact details (telephone and email) of relevant individual(s) who may be contacted in relation to this order.*

GENERAL

Each of the Joint Lead Managers has undertaken to the Issuer that it will comply with all applicable laws and regulations in each country and jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Offering Circular or any related offering material.

UNITED STATES

The Notes have not been and will not be registered under the Securities Act and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered or sold within the United States. The Joint Lead Managers have agreed, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes within the United States. In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by a dealer whether or not participating in the offering may violate the registration requirements of the Securities Act.

UNITED KINGDOM

Each Joint Lead Manager has represented, warranted and undertaken that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

HONG KONG

Each Joint Lead Manager has represented and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (1) to "**professional investors**" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("**SFO**") and any rules made under the SFO; or (2) in other circumstances which do not result in the document being a "**prospectus**" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "**professional investors**" as defined in the SFO and any rules made under the SFO.

PRC

Each Joint Lead Manager has represented, warranted and undertaken that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including Hong Kong and Macau or Taiwan), except as permitted by the securities laws of the PRC.

SINGAPORE

Each Joint Lead Manager has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(s) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited

(c) investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

JAPAN

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each of the Joint Lead Managers has represented, warranted and undertaken that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

MACAU

The Notes have not been and will not be promoted, distributed, sold or delivered in Macau, and any document relating to the Notes may not be distributed or circulated in Macau, except under the terms of and in compliance with the Macau Financial System Act and any other laws in Macau that may apply to the offer and sale of the Notes in Macau.

The Notes have not been and will not be registered or otherwise authorised for public offer under the Financial System Act of Macau, thus may not be offered or sold in Macau, unless such offer is made by Macau licensed entities according to the Macau Financial System Act and upon their communication to the Macau Monetary Authority, in observation of the guidelines and recommendations issued by the Macau local regulatory authority from time to time. Each Joint Lead Manager has represented, warranted and undertaken that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in Macau, except as permitted under the securities laws of Macau.

GENERAL INFORMATION

1. **Clearing Systems**: The Notes have been accepted for clearance through Euroclear or Clearstream with a Common Code 249970093 and an ISIN XS2499700933. The Legal Entity Identifier number of the Issuer is 300300KEJJ0EE1MVS913.

2. **Listing**: Application will be made to the HKSE for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 31 August 2022.

   Application will be made to the MOX for the listing of the Notes by way of debt issues to MOX Professional Investors only and such permission is expected to become effective on or about 31 August 2022. Admission to the listing of the Notes on the MOX shall not be taken as an indication of the merits of the Issuer or the Notes.

3. **Authorisations**: The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue of the Notes, the entry into of the Trust Deed and the Agency Agreement, and the performance of its obligations under the Notes, the Trust Deed and the Agency Agreement. The issue of the Notes was authorised by resolutions of the board of directors of the Issuer passed on 20 April 2021 and 1 July 2022.

   Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015] 2044號)) issued by the NDRC on 14 September 2015 which came into effect on the same day, the Issuer has registered the issuance of the Notes with the NDRC and obtained the certificate dated 8 March 2022 from the NDRC in connection with the issuance of the Notes, which remains valid, in full force and effect as at the date of this Offering Circular. The Issuer intends to, and will undertake in the Terms and Conditions of the Notes to, provide the requisite information and documents on the issuance of the Notes to the NDRC within the prescribed timeframe after the Issue Date.

   The Issuer intends to, and will undertake in the Terms and Conditions of the Notes to, file or cause to be filed with SAFE the requisite information and documents in accordance with (i) the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) issued by SAFE and which came into effect on 13 May 2013, and (ii) the Circular on Relevant Matters about the Macro-Prudential Management of Cross-Border Financing in Full Aperture (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) issued by the PBOC and which came into effect on 12 January 2017 and any implementation rules, reports, certificates, approvals or guidelines as issued by SAFE or the PBOC, as the case may be, from time to time.

4. **No Material Adverse Change**: Save as disclosed in this Offering Circular, there has been no material adverse change, or any development reasonably likely to involve a material adverse change, in the Group's financial or trading position, prospects or results of operations of the Group since 31 December 2021.

5. **Litigation**: Save as disclosed in this Offering Circular, neither the Issuer nor any other member of the Group is involved in any litigation or arbitration proceedings that the Issuer believes are material in the context of the Notes as at the date of this Offering Circular. The Issuer is not aware that any such proceedings are pending or threatened as at the date of this Offering Circular.

6. **Available Documents**: Copies of the Audited Financial Statements, the Trust Deed and the Agency Agreement will be available for inspection by Noteholders upon prior written request and satisfactory proof of holding from the Issue Date during normal business hours (being 9:00 a.m. to 3:00 p.m., Mondays to Fridays excluding public holidays) at the specified office of the Trustee and at the Specified Office of the Principal Paying Agent, so long as any of the Notes are outstanding.

7. **Independent Auditors**: The Audited Financial Statements, which are included elsewhere in this Offering Circular, have been audited by AP CPA, the independent auditors of the Group, as stated in its reports appearing herein.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

The audited consolidated financial statements of the Group as at and for the year ended 31 December 2021

The audited consolidated financial statements of the Group as at and for the year ended 31 December 2020

Auditor's Report of Zhengzhou Urban Construction Investment Group Co., Ltd.

AP Shen Zi（2022）No. 01220581

Asia Pacific (Group) CPAs (special general partnership)

April 26, 2022

北京注册会计师协会

业务报告统一编码报备系统

业务报备统一编码：	110100752022568003504
报告名称：	郑州城建集团投资有限公司2021年审计报告
报告文号：	亚会审字（2022）第01220581号
被审（验）单位名称：	郑州城建集团投资有限公司
会计师事务所名称：	亚太（集团）会计师事务所（特殊普通合伙）
业务类型：	财务报表审计
报告意见类型：	无保留意见
报告日期：	2022年04月26日
报备日期：	2022年04月26日
签字人员：	王松超(410000012006)， 罗聪(110100754974)

（可通过扫描二维码或登录北京注协官网输入编码的方式查询信息）

说明：本备案信息仅证明该报告已在北京注册会计师协会报备，不代表北京注册会计师协会在任何意义上对报告内容做出任何形式的保证。

Contents

Address: Room 2001, 20th Floor, Building 3, Yard 16, Lize Road, Fengtai District, Beijing
Zip code: 100073
Tel/ Fax: 010-88312386

Auditor's Report

AP Shen Zi (2022) No. 01220581

To Zhengzhou Urban Construction Investment Group Co., LTD

I. Auditor's Opinion

We have audited the accompanying financial statements of Zhengzhou Urban Construction Investment Group Co., Ltd. which comprise the consolidated and company balance sheets as at December 31, 2021, and the consolidated and company income statements, the consolidated and company cash flow statements, the consolidated and company statements of changes in owners' equity, and the notes to the financial statements for the year ended December 31, 2021.

In our opinion, the accompanying financial statements present fairly, the consolidated and company's financial position of Zhengzhou Urban Construction Investment Group Co., Ltd. as at December 31, 2021, and their financial performance and cash flows for the year then ended December 31, 2021, in all material respects, in accordance with the requirements of Accounting Standards for Business Enterprises ("CASs").

II. Forming the Basis of the Auditor's Opinion

We conducted our audit in accordance with the China Registered Accountants Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Other information

Management of Zhengzhou Urban Construction Investment Group Co., Ltd.

(hereinafter referred to as management) is responsible for the other information. Other information includes the information covered in the annual report, but does not include the financial statements and our audit report.

Our audit opinions on the financial statements do not cover other information, and we do not issue any form of verification conclusions on other information.

In conjunction with our audit of the financial statements, our responsibility is to read other information. In this process, consider whether the other information is materially inconsistent with the financial statements or what we have learned during the audit process or there seems to be a material misstatement.

Based on the work we have performed, if we determine that there is a material misstatement of other information, we should report that fact. In this regard, we have nothing to report.

IV. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management of Zhengzhou Urban Construction Investment Group Co., Ltd. (hereinafter referred to as management) is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of CASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going-concern basis of accounting unless management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

V. Auditor's Responsibility for Auditing Financial Statements

Our objective is to obtain reasonable assurance that the whole financial statements is free from material misstatement due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China Registered Accountants Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with China Registered Accountants Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

i. Identifying and assessing risk of material misstatement of financial statements due to fraud or errors, designing and implementing audit procedures responsive to these risks, and obtaining adequate and appropriate audit evidence as a basis for issuing audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

ii. Obtaining an understand of the internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but the purpose is not to express opinions on the effectiveness of internal control.

iii. Evaluating the appropriateness of accounting policies adopted by the management and the reasonableness of accounting estimates and related disclosures;

iv. Concluding on the appropriateness of management's use of going-concern assumption of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if the disclosure is not sufficient, we should publish non-unqualified opinions. Our conclusions are based on the information available as of the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

v. Evaluating the overall presentation, structure, and content (including disclosure) of the financial statements, and whether the financial statements represent the transactions and events in a manner that achieves fair presentation.

vi. Obtaining sufficient and appropriate audit evidence on the financial information of entities or business activities of the company to express an audit opinion on the financial statements. We are responsible for directing, supervising and performing group audits, and assume full responsibility for the audit opinions.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(Note: This is a free translation into English of a report issued in China and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with and is constructed in accordance with China law and professional auditing standards applicable in China. Should there be any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.)

Asia Pacific (Group) CPAs (Special General Partnership)

CPA of China:

Songchao Wang

Beijing, the People's Republic of China

CPA of China:

Cong Luo

April 26, 2022

Consolidated Statement of Financial Position

For the year ended December 31, 2021

Prepared by: Zhengzhou Urban Construction Investment Group Co., Ltd.

Amount: RMB Yuan

Items	Note V	December 31, 2021	After the restatement on January 1, 2021	Before the restatement on December 31, 2020
CURRENT ASSETS:				
Cash and cash on hand	1	6,346,076,211.76	5,552,270,998.26	5,552,270,998.26
Deposit reservation for balance				
Lendings to banks and other financial institutions				
Tradable financial assets				
Financial assets at fair value through profit or loss				
Derivative financial assets				
Notes receivable	2	1,221,934.00		
Accounts receivable	3	444,042,938.86	539,968,615.27	553,489,343.49
Financing receivables		-		
Advances to suppliers	4	98,661,516.57	418,901,103.40	418,901,103.40
Insurance premiums receivable				
Cession premiums receivable				
Provision of cession receivable				
Other receivables	5	2,372,821,538.88	2,429,037,600.13	2,399,232,765.26
Of which: Interest receivable		155,555.56		
Dividends receivable				
Recoursable financial assets acquired				
Inventory	6	13,214,099,058.95	12,039,771,395.77	12,039,771,395.77
Contract assets	7	647,552,692.89	647,552,692.89	
Assets held for sale				
Non-current assets due within one year				
Other current assets	8	582,846,416.85	493,513,126.67	493,513,126.67
Total current assets		**23,707,322,308.76**	**22,121,015,532.39**	**21,457,178,732.85**
NON-CURRENT ASSETS:				
Loans and payments				
Available for sale financial assets	9			9,360,000.00
Debt investment				
Other debt investments				
Held to maturity investments				
Long-term receivables	10			2,825,370,520.50
Long-term equity investment	11	365,778,756.16	342,865,160.19	361,604,930.77
Investment in other equity instruments				
Other non-current financial assets	12	21,360,000.00	9,360,000.00	
Investment properties	13	72,042,498.87	71,466,571.08	71,466,571.08
Fixed assets	14	98,355,312.14	101,179,302.55	101,179,302.55
Construction in progress	15	49,368,024.89	37,890,526.95	37,890,526.95
Productive biological assets				
Oil and natural gas assets				
Right-of-use Asset				
Intangible assets	16	25,665,016.66	26,269,624.54	4,353,737,457.85
Development expenditures				
Goodwill				
Long-term prepaid expenses	17	23,334,400.05	14,846,248.69	14,846,248.69
Deferred tax assets	18	190,399,636.65	168,079,183.46	139,639,418.21
Other non-current assets	19	23,058,417,398.33	22,142,517,974.25	14,717,876,635.70
Total non-current assets		**23,904,721,043.75**	**22,914,474,591.71**	**22,632,971,612.30**
Total Assets		**47,612,043,352.51**	**45,035,490,124.10**	**44,090,150,345.15**

The accompanying notes to the financial statements form an integral part of these financial statements.

Legal Representative: 薛森印松 410102168652　　Chief Accountant: 吉俊丽　　Head of Accounting Department: 张占金

Consolidated Statement of Financial Position (continued)

For the year ended December 31, 2021

Prepared by: Zhengzhou Urban Construction Investment Group Co., Ltd.

Amount: RMB Yuan

Items	Note V	December 31, 2021	After the restatement on January 1, 2021	Before the restatement on December 31, 2020
CURRENT LIABITIES:				
Short-term borrowings	20	200,800,000.00	130,800,000.00	130,800,000.00
Held-for-trading financial liabilities				
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities				
Notes payable				
Accounts payable	21	1,713,272,846.22	1,774,416,273.08	1,022,019,840.25
Receipts in advance	22	5,259,371.12	8,247,296.81	46,661,292.81
Contractual Liabilities	23	225,219,094.03	178,267,448.17	
Financial assets sold for repurchase				
Deposits from customers and interbank				
Funds received as agent of stock exchange				
Funds received as stock underwrite				
Payroll and employee benefits payable	24	4,539,624.32	4,535,209.20	4,535,209.20
Taxes payable	25	27,397,419.80	41,749,177.49	43,321,108.83
Other payables	26	607,672,406.76	567,531,872.08	723,429,394.59
Of which: Interest payable		211,338,371.24	172,798,738.57	172,798,738.57
Dividends payable				
Handling charges and commissions payable				
Cession insurance premiums payable				
Liabilities classified as held for sale				
Current portion of non-current liabilities	27	8,458,811,266.48	3,381,460,302.52	3,381,460,302.52
Other current liabilities				
Total Current Liabilities		**11,242,972,028.73**	**6,087,007,579.35**	**5,352,227,148.20**
NON-CURRENT LIABILITIES:				
Provision for insurance contracts				
Long-term borrowings	28	10,370,145,240.10	11,644,459,217.98	11,644,459,217.98
Bonds payable	29	6,573,891,543.33	8,626,493,614.80	8,626,493,614.80
Including: Preference share				
Perpetual debt				
Lease liabilities				
Long-term payables				
Long-term payroll and employee benefits payable				
Estimated liabilities				
Deferred income	30	4,428,406.43	2,289,216.95	2,289,216.95
Deferred tax liabilities	18	22,204,661.57	275,361.65	275,361.65
Other non-current liabilities	31	397,801,208.98	317,039,210.15	
Total non-current liabilities		**17,368,471,060.41**	**20,590,556,621.53**	**20,273,517,411.38**
Total liabilities		**28,611,443,089.14**	**26,677,564,200.88**	**25,625,744,559.58**
SHAREHOLDERS' EQUITY:				
Paid-in capital	32	1,000,000,000.00	1,000,000,000.00	1,000,000,000.00
Other equity instruments				
Including: Preferred Stock				
Perpetual Bonds				
Capital reserve	33	15,223,350,516.17	15,220,250,516.17	15,220,250,516.17
Less: Treasury shares				
Other comprehensive income				
Special reserve				
Surplus reserve	34	176,511,656.16	174,442,638.94	169,163,607.54
Provision for normal risks				
Undistributed profits	35	1,635,596,727.16	1,588,799,078.92	1,663,382,405.76
Equity attributable to owners of the parent		18,035,458,899.49	17,983,492,234.03	18,052,796,529.47
Non-controlling interests		965,141,363.88	374,433,689.19	411,609,256.10
Total shareholders' equity		**19,000,600,263.37**	**18,357,925,923.22**	**18,464,405,785.57**
Total liabilities and shareholders' equity		**47,612,043,352.51**	**45,035,490,124.10**	**44,090,150,345.15**

The accompanying notes to the financial statements form an integral part of these financial statements.

Legal Representative: 薛森 印松 4101021698652

Chief Accountant: 吉俊丽

Head of Accounting Department: 张占金

Consolidated Income Statement

For the year ended December 31, 2021

Prepared by: Zhengzhou Urban Construction Investment Group Co., Ltd.

Amount: RMB Yuan

Items	Note V	2021	2020
1. Total revenue		1,184,345,278.95	1,148,238,316.69
Including: Operating revenue	36	1,184,345,278.95	1,148,238,316.69
2. Total cost of sales		1,122,865,434.83	1,158,977,414.71
Including: Cost of sales	36	992,698,698.32	733,863,685.12
Taxes and surcharges	37	40,025,644.91	19,762,393.10
Selling expenses	38	54,020,462.48	51,162,901.50
General and administrative Expenses	39	98,989,066.29	89,336,694.77
Research and development (R&D) Expenses	40	250,000.00	
Financial Expenses	41	-63,118,437.17	264,851,740.22
Including: Interest expenses		453,492,789.91	286,321,010.68
Interest income		531,481,708.19	34,002,717.98
Add: Other income	42	1,164,472.50	7,059,260.56
Investment income (losses expressed with "-")	43	23,870,938.97	24,176,637.52
Of which: Investment income from associates and joint ventures		22,913,595.97	23,105,489.52
Derecognized gains from financial assets measured at amortized cost			
Net exposure hedging gains (losses are listed with "-")			
Gains from changes in fair value (losses expressed with "-")	44	575,927.79	-64,145.92
Credit impairment losses (losses expressed with "-")	45	-8,346,514.29	
Assets impairment losses (losses expressed with "-")	46		965,183.99
Gains from disposal of assets (losses expressed with "-")	47	12,155.83	16,480.17
3. Operating profit		**78,756,824.92**	**21,414,318.30**
Add: Non-operating income	48	3,112,714.37	5,978,980.56
Less: Non-operating Expenses	49	854,362.11	3,125,362.61
4. Profit/(loss) before tax		**81,015,177.18**	**24,267,936.25**
Less: Income tax expense	50	31,103,337.03	3,333,139.81
5. Net profit /(loss)		**49,911,840.15**	**20,934,796.44**
(i) Categorized by operation continuity			
a. Net profit from continuing operations		49,911,840.15	20,934,796.44
b. Net profit from discontinuing operations			
(ii) Categorized by ownership			
a. Net profit attributable to owners of the parent		52,442,465.46	9,727,357.00
b. Net profit attributable to non-controlling interests		-2,530,625.31	11,207,439.44
6. Other comprehensive income, net of tax			
Other comprehensive income, net of tax, attributable to owners of the parent company			
(i) Other comprehensive income that will not be reclassified to profit or loss			
a. Remeasurement of changes in defined benefit plans			
b. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
c. Changes in fair value of investments in other equity instruments			
d. Changes in the fair value of the company's own credit risk			
(ii) Other comprehensive income to be reclassified to profit or loss			
a. Other comprehensive income that can be transferred to profit or loss under the equity method			
b. Changes in fair value of other debt investments			
c. Gains and losses from changes in fair value of available-for-sale financial assets			
d. Amount of financial assets reclassified into other comprehensive income			
e. Held-to-maturity investments are reclassified as available-for-sale financial assets gains and losses			
f. Provision for credit impairment of other debt investments			
g. Cash flow hedge reserve (effective part of cash flow hedge profit and loss)			
h. Differences in translation of foreign currency financial statements			
i. Others			
Other comprehensive income, net of tax, attributable to non-controlling interests			
7.Total comprehensive income		**49,911,840.15**	**20,934,796.44**
Total comprehensive income attributable to owners of the parent		52,442,465.46	9,727,357.00
Total comprehensive income attributable to non-controlling interests		-2,530,625.31	11,207,439.44
8. Earnings per share			
(i) Basic earnings per share (yuan / share)			
(ii) Diluted earnings per share (yuan / share)			

The accompanying notes to the financial statements form an integral part of these financial statements.

Legal Representative: 森薛印松 4101021698652　　吉俊丽　　Chief Accountant:　　张占金　　Head of Accounting Department:

Consolidated Statement of Cash Flows

For the year ended December 31, 2021

Prepared by: Zhengzhou Urban Construction Investment Group Co., Ltd. Amount: RMB Yuan

Items	Note V	2021	2020
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sales of goods or rending of services		1,506,493,198.30	1,193,525,591.06
Tax refunds received		5,711,343.64	4,831,308.34
Cash received relating to other operating activities	51	364,544,939.41	464,819,525.89
Subtotal of cash inflows		**1,876,749,481.35**	**1,663,176,425.29**
Cash paid for purchase of goods and services		1,700,310,598.52	1,117,906,969.31
Cash paid to and on behalf of employees		129,998,150.41	118,247,674.41
Cash paid for taxes		139,951,224.58	85,089,178.91
Cash paid relating to other operating activities	51	293,188,993.42	300,273,584.85
Subtotal of cash outflows		**2,263,448,966.93**	**1,621,517,407.48**
Net cash flows from operating activities		**-386,699,485.58**	**41,659,017.81**
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investments			10,000,000.00
Cash received from investment income			
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets		13,364.08	991,390.84
Cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities			
Sub-total of cash inflows		**13,364.08**	**10,991,390.84**
Purchase of property, plant and equipment, intangible assets and other non-current assets		46,774,941.60	1,143,831,540.82
Cash paid for investments		12,000,000.00	17,500,000.00
Net cash paid for acquisition of subsidiaries and other business units			
Cash paid relating to other investing activities	51	92,079,000.00	
Subtotal of cash outflows		**150,853,941.60**	**1,161,331,540.82**
Net cash flows from investing activities		**-150,840,577.52**	**-1,150,340,149.98**
3.CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from investment		596,338,300.00	
Of which: Subsidiaries absorb cash received from minority shareholders' investments		593,238,300.00	
Proceeds from borrowings		6,165,000,000.00	6,066,140,000.00
Cash receipts relating to other financing activities			5,000,000.00
Subtotal of cash inflows		**6,761,338,300.00**	**6,071,140,000.00**
Repayments for debts		4,277,682,802.52	4,033,803,511.62
Cash payments for distribution of dividends or profit and interest expenses		1,127,973,164.96	1,218,988,375.07
Of which: dividends and profits paid by subsidiaries to minority shareholders			
Cash payments relating to other financing activities	51	24,337,055.92	110,489,138.53
Subtotal of cash outflows		**5,429,993,023.40**	**5,363,281,025.22**
Net cash flows from financing activities		**1,331,345,276.60**	**707,858,974.78**
4. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
5. NET INCREASE IN CASH AND CASH EQUIVALENTS		**793,805,213.50**	**-400,822,157.39**
Add: Cash and cash equivalents at beginning of year		5,496,270,998.26	5,897,093,155.65
6. CASH AND CASH EQUIVALENTS AT END OF YEAR		**6,290,076,211.76**	**5,496,270,998.26**

The accompanying notes to the financial statements form an integral part of these financial statements.

Legal Representative: 薛森松印 4101021608652 Chief Accountant: 吉俊丽 Head of Accounting Department: 张占金

Consolidated Statement of Changes in Shareholders' Equity

For the year ended December 31, 2021

Prepared by: Zhengzhou Urban Construction Investment Group Co., Ltd.

Amount: RMB Yuan

Items	Amount incurred in the current period												
	Equity attributable to owners of the parent											Non-controlling interests	Total shareholders' equity
	Share capital	Other Equity Instruments			Capital reserves	Less: Treasury shares	Other Comprehensive Income	Special Reserve	Surplus Reserve	Provision for normal risks	Undistributed profits		
		Preference share	Perpetual debt	Others									
I. Balance at the end of previous year	1,000,000,000.00				15,220,250,516.17				170,256,857.34		1,675,576,541.64	411,612,946.34	18,477,696,861.49
Changes in accounting policies									5,279,031.40		-74,583,326.84	-37,175,566.91	-106,479,862.35
Corrections of prior period errors									-1,093,249.80		-12,194,135.88	-3,690.24	-13,291,075.92
Business combination under common control													
Others													
II. Balance at the beginning of the year	1,000,000,000.00				15,220,250,516.17				174,442,638.94		1,588,799,078.92	374,433,689.19	18,357,925,923.22
III. Increase/(decrease) during the period					8,444,298,617.80				2,069,017.22		350,469,405.71	678,276,217.34	9,475,113,258.07
(A) Total comprehensive income											356,114,222.93	85,037,917.34	441,152,140.27
(B) Shareholders' contributions and reduction					8,444,298,617.80							593,238,300.00	9,037,536,917.80
1. Shareholders 'contributions in ordinary share					9,170,000.00							593,238,300.00	602,408,300.00
2. Other equity instruments contributions													
3. Amount of share-based payments recognized in equity													
4. Others					8,435,128,617.80								8,435,128,617.80
(C) Profit distribution					-				2,069,017.22		-5,644,817.22		-3,575,800.00
1. Transfer to general reserve									2,069,017.22		-2,069,017.22		
2. Distributions to shareholders											-3,575,800.00		-3,575,800.00
3. Others													
(D) Transfer within equity													
1. Converting capital reserve into capital (or share capital)													
2. Turn surplus reserves into capital (or share capital)													
3. Surplus reserve to make up for losses													
4. Changes in the defined benefit plan are carried forward to retained earnings													
5. Other comprehensive income carried forward to retained earnings													
6. Other													
(E) Special reserves													
1. Additions													
2. Utilisation													
(F) Others													
IV. Balance at the end of the period	**1,000,000,000.00**				**23,664,549,133.97**				**176,511,656.16**		**1,939,268,484.63**	**1,052,709,906.53**	**27,833,039,181.29**

Legal Representative: 森薛印松 4101021698652

Chief Accountant: 吉俊丽

Head of Accounting Department: 张占金

(The accompanying notes are an integral part of these financial statements.)

Consolidated Statement of Changes in Shareholders' Equity

For the year ended December 31, 2021

Prepared by: Zhengzhou Urban Construction Investment Group Co., Ltd.

Amount: RMB Yuan

Items	Amount incurred in the prior period												
	Equity attributable to owners of the parent											Non-controlling interests	Total shareholders' equity
	Share capital	Other Equity Instruments: Preference share	Other Equity Instruments: Perpetual debt	Other Equity Instruments: Others	Capital reserves	Less: Treasury shares	Other Comprehensive Income	Special Reserve	Surplus Reserve	Provision for normal risks	Undistributed profits		
I. Balance at the end of previous year	1,000,000,000.00				15,220,250,516.17				169,076,559.98		1,659,818,291.53	400,746,838.92	18,449,892,206.60
Changes in accounting policies													
Corrections of prior period errors											-1,538,795.21	-345,022.26	-1,883,817.47
Business combination under common control													
Others													
II. Balance at the beginning of the year	1,000,000,000.00				15,220,250,516.17				169,076,559.98		1,658,279,496.32	400,401,816.66	18,448,008,389.13
III. Increase/(decrease) during the period									87,047.56		5,102,909.44	11,207,439.44	16,397,396.44
(A) Total comprehensive income											9,727,357.00	11,207,439.44	20,934,796.44
(B) Shareholders' contributions and reduction													
1. Shareholders 'contributions in ordinary share													
2. Other equity instruments contributions													
3. Amount of share-based payments recognized in equity													
4. Others													
(C) Profit distribution									87,047.56		-4,624,447.56		-4,537,400.00
1. Transfer to general reserve									87,047.56		-87,047.56		
2. Distributions to shareholders											-4,537,400.00		-4,537,400.00
3. Others													
(D) Transfer within equity													
1. Converting capital reserve into capital (or share capital)													
2. Turn surplus reserves into capital (or share capital)													
3. Surplus reserve to make up for losses													
4. Changes in the defined benefit plan are carried forward to retained earnings													
5. Other comprehensive income carried forward to retained earnings													
6. Other													
(E) Special reserves													
1. Additions													
2. Utilisation													
(F) Others													
IV. Balance at the end of the period	1,000,000,000.00				15,220,250,516.17				169,163,607.54		1,663,382,405.76	411,609,256.10	18,464,405,785.57

Legal Representative:

Chief Accountant: 吉俊丽

Head of Accounting Department: 张占金

(The accompanying notes are an integral part of these financial statements.)

Statement of Financial Position

For the year ended December 31, 2021

Prepared by: Zhengzhou Urban Construction Investment Group Co., Ltd. Amount: RMB Yuan

Items	Note XI	December 31, 2021	After the restatement on January 1, 2021	Before the restatement on December 31, 2020
CURRENT ASSETS:				
Cash and cash on hand		4,292,689,016.26	3,516,861,781.78	3,516,861,781.78
Tradable financial assets				
Financial assets at fair value through profit or loss				
Derivative financial assets				
Notes receivable				
Accounts receivable	1	97,292,349.86	146,430,563.15	151,479,375.01
Financing receivables				
Advances to suppliers		94,990,635.93	42,410,286.71	42,410,286.71
Other receivables	2	6,368,993,684.65	6,170,876,900.05	6,070,454,641.98
Of which: Interest receivable		680,687,877.66	553,043,988.77	553,043,988.77
Dividends receivable		250,170,000.00	191,370,000.00	191,370,000.00
Inventory		9,791,631,031.60	8,715,750,715.69	8,715,750,715.69
Assets held for sale				
Non-current assets due within one year				
Other current assets		653,905,427.72	207,327,245.12	207,327,245.12
Total current assets		**21,299,502,146.02**	**18,799,657,492.50**	**18,704,284,046.29**
NON-CURRENT ASSETS:				
Debt investment				
Available for sale financial assets				8,000,000.00
Other debt investments				
Held to maturity investments				
Long-term receivables				
Long-term equity investment	3	1,506,781,166.68	1,133,870,446.60	1,152,610,217.18
Investment in other equity instruments				
Other non-current financial assets		20,000,000.00	8,000,000.00	
Investment properties				
Fixed assets		1,750,025.13	356,457.10	356,457.10
Construction in progress				
Productive biological assets				
Oil and natural gas assets				
Right-of-use Asset				
Intangible assets				
Development expenditures				
Goodwill				
Long-term prepaid expenses				
Deferred tax assets		81,488,251.61	61,148,068.97	84,991,430.52
Other non-current assets		14,729,496,418.25	14,719,670,730.18	14,719,670,730.18
Total non-current assets		**16,339,515,861.67**	**15,923,045,702.85**	**15,965,628,834.98**
Total Assets		**37,639,018,007.69**	**34,722,703,195.35**	**34,669,912,881.27**

The accompanying notes to the financial statements form an integral part of these financial statements.

Legal Representative: 森薛印松 4101021698652 Chief Accountant: 吉俊丽 Head of Accounting Department: 张占金

Statement of Financial Position (continued)

For the year ended December 31, 2021

Prepared by: Zhengzhou Urban Construction Investment Group Co., Ltd. Amount: RMB Yuan

Items	Note XI	December 31, 2021	After the restatement on January 1, 2021	Before the restatement on December 31, 2020
CURRENT LIABITIES:				
Short-term borrowings		200,000,000.00	50,000,000.00	50,000,000.00
Held-for-trading financial liabilities				
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities				
Notes payable				
Accounts payable		10,703,636.05	151,850,387.95	151,850,387.95
Receipts in advance				
Contractual Liabilities				
Payroll and employee benefits payable		1,906,240.81	2,128,969.02	2,128,969.02
Taxes payable		8,371,295.99	11,051,362.30	11,051,362.30
Other payables		824,700,012.20	530,743,640.24	530,743,640.24
Of which: Interest payable		206,621,006.52	167,741,820.79	167,741,820.79
Dividends payable				
Liabilities classified as held for sale				
Current portion of non-current liabilities		7,903,552,566.48	2,452,731,602.52	2,452,731,602.52
Other current liabilities				
Total Current Liabilities		**8,949,233,751.53**	**3,198,505,962.03**	**3,198,505,962.03**
NON-CURRENT LIABILITIES:				
Long-term borrowings		4,143,254,490.10	4,945,429,767.98	4,945,429,767.98
Bonds payable		6,573,891,543.33	8,626,493,614.80	8,626,493,614.80
Including: Preference share				
Perpetual debt				
Long-term payables				
Long-term payroll and employee benefits payable				
Estimated liabilities				
Deferred income		2,246,345.00	2,096,345.00	2,096,345.00
Deferred tax liabilities				
Other non-current liabilities				
Total non-current liabilities		**10,719,392,378.43**	**13,574,019,727.78**	**13,574,019,727.78**
Total liabilities		**19,668,626,129.96**	**16,772,525,689.81**	**16,772,525,689.81**
SHAREHOLDERS' EQUITY:				
Paid-in capital		1,000,000,000.00	1,000,000,000.00	1,000,000,000.00
Other equity instruments				
Including: Preferred Stock				
Perpetual Bonds				
Capital reserve		15,223,269,016.17	15,220,169,016.17	15,220,169,016.17
Less: Treasury shares				
Other comprehensive income				
Special reserve				
Surplus reserve		176,511,656.16	174,442,638.94	169,163,607.54
Provision for normal risks				
Undistributed profits		1,570,611,205.40	1,555,565,850.43	1,508,054,567.75
Total shareholders' equity		**17,970,391,877.73**	**17,950,177,505.54**	**17,897,387,191.46**
Total liabilities and shareholders' equity		**37,639,018,007.69**	**34,722,703,195.35**	**34,669,912,881.27**

The accompanying notes to the financial statements form an integral part of these financial statements.

Legal Representative: 森薛 印松 4101021698652

Chief Accountant: 吉俊丽

Head of Accounting Department: 张占金

12

Income Statement

For the year ended December 31, 2021

Prepared by: Zhengzhou Urban Construction Investment Group Co., Ltd. **Amount: RMB Yuan**

Items	Note XI	2021	2020
1. Total revenue	4	80,670,863.96	45,380,991.78
Less: Cost of sales	4	35,601,093.17	3,108,834.15
Taxes and surcharges		33,718,828.93	11,107,407.76
Selling expenses			
General and administrative Expenses		27,257,792.42	24,768,298.83
Research and development (R&D) Expenses		250,000.00	
Financial Expenses		62,006,158.47	56,625,954.79
Including: Interest expenses		109,747,672.39	77,682,529.76
Interest income		59,651,488.93	29,202,601.49
Add: Other income		19,920.61	
Investment income (losses expressed with "-")	5	81,710,720.08	40,102,614.52
Of which: Investment income from associates and joint ventures			
Derecognized gains from financial assets measured at amortized cost			
Net exposure hedging gains (losses are listed with "-")			
Gains from changes in fair value (losses expressed with "-")			
Credit impairment losses (losses expressed with "-")		-5,079,480.55	
Assets impairment losses (losses expressed with "-")			-2,041,791.64
Gains from disposal of assets (losses expressed with "-")			
2. Operating profit		**-1,511,848.89**	**-12,168,680.87**
Add: Non-operating income		2,250,000.00	3,652,823.55
Less: Non-operating Expenses		388,161.56	46,880.75
3. Profit/(loss) before tax		**349,989.55**	**-8,562,738.07**
Less: Income tax expense		-20,340,182.64	-9,433,213.63
4. Net profit /(loss)		**20,690,172.19**	**870,475.56**
(i) Categorized by operation continuity		20,690,172.19	870,475.56
(ii) Categorized by ownership			
5. Other comprehensive income, net of tax			
(i) Other comprehensive income that will not be reclassified to profit or loss			
a. Remeasurement of changes in defined benefit plans			
b. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
c. Changes in fair value of investments in other equity instruments			
d. Changes in the fair value of the company's own credit risk			
e. Others			
(ii) Other comprehensive income to be reclassified to profit or loss			
a. Other comprehensive income that can be transferred to profit or loss under the equity method			
b. Changes in fair value of other debt investments			
c. Gains and losses from changes in fair value of available-for-sale financial assets			
d. Amount of financial assets reclassified into other comprehensive income			
e. Held-to-maturity investments are reclassified as available-for-sale financial assets gains and losses			
f. Provision for credit impairment of other debt investments			
g. Cash flow hedge reserve (effective part of cash flow hedge profit and loss)			
h. Differences in translation of foreign currency financial statements			
i. Others			
6.Other comprehensive income, net of tax, attributable to non-controlling interests		**20,690,172.19**	**870,475.56**
7. Earnings per share			
(i) Basic earnings per share (yuan / share)			
(ii) Diluted earnings per share (yuan / share)			

The accompanying notes to the financial statements form an integral part of these financial statements.

Legal Representative: 森薛印松 4101021608652 Chief Accountant: 吉俊丽 Head of Accounting Department: 张占金

Statement of Cash Flows

For the year ended December 31, 2021

Prepared by: Zhengzhou Urban Construction Investment Group Co., Ltd.

Amount: RMB Yuan

Items	Note XI	2021	2020
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sales of goods or rending of services		137,384,984.01	6,289,164.25
Tax refunds received		1,249,882.10	
Cash received relating to other operating activities		1,315,066,277.73	176,532,788.15
Subtotal of cash inflows		**1,453,701,143.84**	**182,821,952.40**
Cash paid for purchase of goods and services		821,882,598.67	708,000,115.37
Cash paid to and on behalf of employees		19,053,950.85	16,162,785.17
Cash paid for taxes		36,834,527.54	178,628.12
Cash paid relating to other operating activities		1,432,662,420.99	225,488,274.35
Subtotal of cash outflows		**2,310,433,498.05**	**949,829,803.01**
Net cash flows from operating activities		**-856,732,354.21**	**-767,007,850.61**
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investments			10,000,000.00
Cash received from investment income			
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets		6,864.08	160,817.48
Cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities			
Sub-total of cash inflows		**6,864.08**	**10,160,817.48**
Purchase of property, plant and equipment, intangible assets and other non-current assets		20,717,278.00	120,195,045.57
Cash paid for investments		362,000,000.00	17,500,000.00
Net cash paid for acquisition of subsidiaries and other business units			
Cash paid relating to other investing activities			
Subtotal of cash outflows		**382,717,278.00**	**137,695,045.57**
Net cash flows from investing activities		**-382,710,413.92**	**-127,534,228.09**
3.CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from investment		3,100,000.00	
Proceeds from borrowings		6,165,000,000.00	5,056,140,000.00
Cash receipts relating to other financing activities			
Subtotal of cash inflows		**6,168,100,000.00**	**5,056,140,000.00**
Repayments for debts		3,352,074,102.52	3,381,387,661.62
Cash payments for distribution of dividends or profit and interest expenses		776,418,938.95	821,263,468.43
Cash payments relating to other financing activities		24,336,955.92	51,109,138.53
Subtotal of cash outflows		**4,152,829,997.39**	**4,253,760,268.58**
Net cash flows from financing activities		**2,015,270,002.61**	**802,379,731.42**
4. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
5. NET INCREASE IN CASH AND CASH EQUIVALENTS		**775,827,234.48**	**-92,162,347.28**
Add: Cash and cash equivalents at beginning of year		3,516,861,781.78	3,609,024,129.06
6. CASH AND CASH EQUIVALENTS AT END OF YEAR		**4,292,689,016.26**	**3,516,861,781.78**

The accompanying notes to the financial statements form an integral part of these financial statements.

Legal Representative: 薛森松印 4101021698652　　Chief Accountant: 吉俊丽　　Head of Accounting Department: 张占金

Statement of Changes in Shareholders' Equity

For the year ended December 31, 2021

Prepared by: Zhengzhou Urban Construction Investment Group Co., Ltd.

Amount: RMB Yuan

Items	Amount incurred in the current period										
	Equity attributable to owners of the parent										Total shareholders' equity
	Share capital	Other Equity Instruments			Capital reserves	Less: Treasury shares	Other Comprehensive Income	Special Reserve	Surplus Reserve	Undistributed profits	
		Preference share	Perpetual debt	Others							
I. Balance at the end of previous year	1,000,000,000.00				15,220,169,016.17				170,256,857.34	1,517,893,816.03	17,908,319,689.54
Changes in accounting policies									5,279,031.40	47,511,282.68	52,790,314.08
Corrections of prior period errors									-1,093,249.80	-9,839,248.28	-10,932,498.08
Business combination under common control											
Others											
II. Balance at the beginning of the year	1,000,000,000.00				15,220,169,016.17				174,442,638.94	1,555,565,850.43	17,950,177,505.54
III. Increase/(decrease) during the period					3,100,000.00				2,069,017.22	15,045,354.97	20,214,372.19
(A) Total comprehensive income										20,690,172.19	20,690,172.19
(B) Shareholders' contributions and reduction					3,100,000.00						3,100,000.00
1. Shareholders 'contributions in ordinary share					3,100,000.00						3,100,000.00
2. Other equity instruments contributions											
3. Amount of share-based payments recognized in equity											
4. Others											
(C) Profit distribution									2,069,017.22	-5,644,817.22	-3,575,800.00
1. Transfer to general reserve									2,069,017.22	-2,069,017.22	
2. Distributions to shareholders										-3,575,800.00	-3,575,800.00
3. Others											
(D) Transfer within equity											
1. Converting capital reserve into capital (or share capital)											
2. Turn surplus reserves into capital (or share capital)											
3. Surplus reserve to make up for losses											
4. Changes in the defined benefit plan are carried forward to retained earnings											
5. Other comprehensive income carried forward to retained earnings											
6. Other											
(E) Special reserves											
1. Additions											
2. Utilisation											
(F) Others											
IV. Balance at the end of the period	**1,000,000,000.00**				**15,223,269,016.17**				**176,511,656.16**	**1,570,611,205.40**	**17,970,391,877.73**

Legal Representative:

Chief Accountant: 吉俊丽

Head of Accounting Department: 张占金

(The accompanying notes are an integral part of these financial statements.)

Statement of Changes in Shareholders' Equity

For the year ended December 31, 2021

Prepared by: Zhengzhou Urban Construction Investment Group Co., Ltd.

Amount: RMB Yuan

Items	Amount incurred in the prior period										
	Equity attributable to owners of the parent										Total shareholders' equity
	Share capital	Other Equity Instruments			Capital reserves	Less: Treasury shares	Other Comprehensive Income	Special Reserve	Surplus Reserve	Undistributed profits	
		Preference share	Perpetual debt	Others							
I. Balance at the end of previous year	1,000,000,000.00				15,220,169,016.17				169,076,559.98	1,511,808,539.75	17,901,054,115.90
Changes in accounting policies											
Corrections of prior period errors											
Business combination under common control											
Others											
II. Balance at the beginning of the year	1,000,000,000.00				15,220,169,016.17				169,076,559.98	1,511,808,539.75	17,901,054,115.90
III. Increase/(decrease) during the period									87,047.56	-3,753,972.00	-3,666,924.44
(A) Total comprehensive income										870,475.56	870,475.56
(B) Shareholders' contributions and reduction											
1. Shareholders 'contributions in ordinary share											
2. Other equity instruments contributions											
3. Amount of share-based payments recognized in equity											
4. Others											
(C) Profit distribution									87,047.56	-4,624,447.56	-4,537,400.00
1. Transfer to general reserve									87,047.56	-87,047.56	
2. Distributions to shareholders										-4,537,400.00	-4,537,400.00
3. Others											
(D) Transfer within equity											
1. Converting capital reserve into capital (or share capital)											
2. Turn surplus reserves into capital (or share capital)											
3. Surplus reserve to make up for losses											
4. Changes in the defined benefit plan are carried forward to retained earnings											
5. Other comprehensive income carried forward to retained earnings											
6. Other											
(E) Special reserves											
1. Additions											
2. Utilisation											
(F) Others											
IV. Balance at the end of the period	**1,000,000,000.00**				**15,220,169,016.17**				**169,163,607.54**	**1,508,054,567.75**	**17,897,387,191.46**

Legal Representative: 薛森印松 4101021698652

Chief Accountant: 吉俊丽

Head of Accounting Department: 张占金

(The accompanying notes are an integral part of these financial statements.)

Zhengzhou Urban Construction Investment Group Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated)

I. GENERAL INFORMATION

(1) The History

Zhengzhou Urban Construction Investment Group Co., Ltd. (hereinafter referred to as "the Company") was approved by Zheng Zhengwen [2007] No. 136 "Zhengzhou Municipal People's Government's Notice on the Establishment of Zhengzhou Urban Construction Investment Group Co., Ltd." The State-owned Assets Supervision and Administration Commission of Zhengzhou Municipal People's Government (hereinafter referred to as Zhengzhou State-owned Assets Supervision and Administration Commission) invested RMB 10,000,000.00. On December 28, 2007, the state-owned sole proprietorship limited company was approved by Zhengzhou Administration for Industry and Commerce. The registered capital is RMB 10,000,000.00 and the paid-up capital is RMB 10,000,000.00. The above-mentioned capital contribution was verified by Henan Jinyuda Certified Public Accountants Co., Ltd. It was verified on December 14, 2007 with the capital verification report of No. 12-071 of Yujinkui Yanzi [2007].

On May 18, 2009, the approval of Zhengzhou Urban Construction Investment Group Co., Ltd. (Zheng Guozi [2009] No. 107) was approved by the State-owned Assets Supervision and Administration Commission of Zhengzhou Municipal People's Government on Zhengzhou Urban Construction Investment Group Co., Ltd. The company increased the registered capital of RMB 90,000,000.00, and this capital increase was all paid by Zhengzhou State-owned Assets Supervision and Administration Commission. The above-mentioned capital contribution was verified by Henan Jinyuda Certified Public Accountants Co., Ltd. and verified on May 22, 2009 with the capital verification report of Yujinkuai Yanzi [2009] No. 05-066. After the completion of this capital increase, the registered capital of the company is RMB 100 million, the paid-in capital is RMB 100 million, and the shareholder Zhengzhou State-owned Assets Supervision and Administration Commission holds 100%.

On December 7, 2010, the approval of Zhengzhou Urban Construction Investment Group Co., Ltd. (Zheng Guozi [2010] No. 271) was approved by the State-owned Assets Supervision and Administration Commission of Zhengzhou Municipal People's Government on Zhengzhou Urban Construction Investment Group Co., Ltd. The company increased the registered capital of RMB

900 million, and this capital increase was all paid by Zhengzhou State-owned Assets Supervision and Administration Commission. Among them, the cash contribution was RMB 200 million, and the physical assets were RMB 700 million. The above-mentioned capital contribution was verified by Henan Huabixin Jingwei Certified Public Accountants Co., Ltd. and verified on February 10, 2011 with the Jingweikuai Yanzi (2011) No. 001 Capital Verification Report. After the completion of this capital increase, the registered capital of the company is 1 billion RMB, the paid-up capital is 1 billion RMB, and the shareholder Zhengzhou State-owned Assets Supervision and Administration Commission holds 100%.

On August 30, 2013, according to the “ZhengGuozi [2013] No. 246), the State-owned Assets Supervision and Administration Commission of Zhengzhou Municipal People's Government on the transfer of the state-owned shares of Zhengzhou Urban Construction Investment Group Co., Ltd. to Zhengzhou Real Estate Group Co., Ltd. Zhengzhou State-owned Assets Supervision and Administration Commission agreed to transfer 100% state-owned shares of Zhengzhou Urban Construction Investment Group Co., Ltd. held by it to Zhengzhou Real Estate Group Co., Ltd. without compensation. Zhengzhou State-owned Assets Supervision and Administration Commission holds 100% equity of Zhengzhou Real Estate Group Co., Ltd., which is the ultimate actual controller of the company.

(2) The Structure of Ownership

Registered Address and Headquarters Address: No. 92 Huashan Road, Zhongyuan District, Zhengzhou City
Registration Number of Legal Entity’s Business License: 91410100670080118P
Legal Representative: Songsen Xue
Registered capital: RMB 1,000,000,000.00

(3) Business scope of the company

The company's business scope: various engineering construction activities; general contracting of housing construction and municipal infrastructure projects; construction engineering survey; construction engineering design; construction professional operations; highway management and maintenance; building intelligent system design; building intelligent engineering construction (For projects subject to approval according to law, business activities can only be carried out after the approval of the relevant departments. The specific business projects are subject to the approval documents or licenses of the relevant departments.) General projects: investment activities with own funds; engineering management services; earthwork construction; municipal facilities management; urban greening management; building materials sales; land consolidation services; non-residential real estate leasing; property management; parking lot services; electric vehicle charging infrastructure operation; centralized fast charging stations; vehicle charging sales; engineering and technology research and test development; new material technology research and development; technical services, technology development, technology consultation, technology exchange, technology transfer, technology promotion; urban and rural city appearance management (except for projects subject to approval according to law, business activities can be carried out independently according to law with business licenses).

(4) The name of the parent company and the ultimate actual controller

Since Zhengzhou Real Estate Group Co., Ltd. directly holds 100% of the company's equity and is the largest shareholder of the company, the parent company of the company is Zhengzhou Real Estate Group Co., Ltd.

Since Zhengzhou State-owned Assets Supervision and Administration Commission directly holds 100% equity of Zhengzhou Real Estate Group Co., Ltd., the ultimate actual controller of the company is Zhengzhou State-owned Assets Supervision and Administration Commission.

(5) Scope of consolidated financial statements

As of December 31, 2021, the subsidiaries within the scope of the Company's consolidated financial statements include Henan Chengtou Construction Engineering Co., Ltd. (hereinafter referred to as "Urban Construction") and Zhengzhou Chengtou Enterprise Management Consulting Co., Ltd. (hereinafter referred to as "Consulting Company") , Henan Chengtou Chengzhu Industrial Co., Ltd. (hereinafter referred to as "Chengtou Chengzhu"), Zhengzhou Chengjian Green Building Materials Co., Ltd. (hereinafter referred to as "Green Building Materials"), Zhengzhou Chengjian Real Estate Co., Ltd. (hereinafter referred to as "Property Company"), Zhengzhou Yellow River Hotel (hereinafter referred to as "Yellow River Hotel"), Zhengzhou Songshan Hotel (hereinafter referred to as "Songshan Hotel"), Zhengzhou Dingrun Urban Construction Co., Ltd. (hereinafter referred to as "Dingrun Construction"), Henan Urban Construction Civil Structural Engineering Research Center Co., Ltd. (hereinafter referred to as "Dingrun Construction") (hereinafter referred to as "Urban Research Company"), Henan Urban Construction Preconstruction Co., Ltd. (hereinafter referred to as "Urban Construction Company"), Zhengzhou Chengfa Qianrun Industrial Co., Ltd. (hereinafter referred to as "Chengfa Qianrun"), Zhengzhou Urban Construction Development Co., Ltd. ((hereinafter referred to as "Development Company"), Zhengzhou Chengfa Hengshun Real Estate Co., Ltd. (hereinafter referred to as "Hengshun Real Estate"), Zhengzhou Chengfa Huantong Industrial Co., Ltd. (hereinafter referred to as "Huantong Industrial"), Henan Chengtou Zhonghe Construction Fang Construction Co., Ltd. (hereinafter referred to as "Zhonghe Jianfang"), Henan Chengtou Ecological Environment Management Co., Ltd. (hereinafter referred to as "Chengtou Ecology").

II. THE COMPANY’S MAJOR ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND PRIOE ERRORS

(1) Basis for the preparation of financial statements

Based on the assumption of going concern, the Company is based on the actual transactions and events, in accordance with the “Accounting Standards for Business Enterprises – Basic Standards” issued by the Ministry of Finance and specific accounting standards, application guidelines for business accounting standards, interpretation of accounting standards for enterprises, and other relevant regulations (The following is collectively referred to as “Enterprise Accounting Standards”.

(2) Continuing operations

These financial statements are presented on a going concern basis. The Company has no significant events or circumstances that have significant doubts about the Company's ability to continue as a going concern for 12 months from the end of the reporting period.

III. IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Statement of compliance with the Accounting Standards for Business Enterprises

This financial statement complies with the requirements of the Accounting Standards for Business Enterprises, and truly and completely reflects the company's merger and the company's financial position on December 31, 2021, as well as the merger and the company's operating results in 2021, and the merger and the company's cash flow and other relevant information.

(2) Accounting period

It is a fiscal year from January 1 to December 31 of the Gregorian calendar.

(3) Business cycle

The normal business cycle refers to the period from the purchase of assets for processing to the realization of cash or cash equivalents. The company takes 12 months as an operating cycle and uses it as a standard for the liquidity of assets and liabilities.

(4) Bookkeeping base currency

Renminbi is used as the standard currency for bookkeeping.
Unless otherwise stated, the amount is expressed in RMB.

(5) Accounting treatment methods for business combination under the same control and not under the same control

(a) Judging criteria for a package of transactions

Step-by-step implementation of the terms, conditions and economic impact of each transaction in the business combination process in accordance with one or more of the following situations, accounting for multiple transactions as a package transaction:

① These transactions are concluded at the same time or with consideration of each other's influence;
② These transactions as a whole can achieve a complete business result;
③ The occurrence of a transaction depends on the occurrence of at least one other transaction;
④ A transaction alone is not economical, but it is economical when considered together with other transactions.

(b) Business combination under the same control

For a business combination under the same control, the assets and liabilities of the combining party acquired by the combining party in the combination are measured at the original book value of the combined party on the combining date, except for adjustments due to different accounting policies. The difference between the book value of the merger consideration and the book value of

the net assets acquired in the merger is adjusted to the capital reserve. If the capital reserve is insufficient to offset, the retained earnings are adjusted.
The direct related expenses incurred for the business combination are recognized in profit or loss when incurred.

(c) Business combination not under the same control
For a business combination not under the same control, the combination cost is the fair value of the assets, liabilities incurred or assumed, and equity securities issued by the company on the acquisition date to obtain control over the acquiree. On the date of purchase, the merger cost incurred by the Company and the acquired assets, liabilities and contingent liabilities of the acquiree are recognized at fair value.

Intermediary expenses, such as audits, legal services, assessments, etc., and other related management expenses incurred for the business combination are recognized in profit or loss when incurred. The transaction fee for equity securities or debt securities issued as a merger consideration is included in the initial recognition amount of equity securities or debt securities.

The difference between the combination cost and the fair value of the acquiree's identifiable net assets acquired in the combination is recognized as goodwill, which is subsequently measured at cost less accumulated impairment losses; the difference between the fair values of the identifiable net assets is recognized in profit or loss for the current period.

In the consolidated financial statements, the combination cost is the sum of the consideration paid on the purchase date and the fair value of the equity of the purchased party held before the purchase date on the purchase date. For the equity of the purchased party that has been held before the purchase date, the fair value of the purchase date is re-measured, and the difference between the fair value and the book value is included in the current investment income; If the equity of the purchased party held before the purchase date involves other comprehensive income, the other comprehensive income related to it is not only the change in the net liability or net assets of the defined benefit plan calculated by the purchaser in accordance with the equity method. Except for the corresponding share, the rest will be converted into the current investment income on the purchase date.

If the purchaser obtains the deductible temporary difference of the purchased party and fails to confirm the condition of the deferred income tax asset recognition on the purchase date, within 12 months after the purchase date, if new or further information is obtained, the purchase is confirmed. The relevant circumstances of the day already exist. It is expected that the economic benefits brought by the purchaser's deductible temporary difference on the purchase date can be realized, and the relevant deferred income tax assets are recognized, while the goodwill is reduced, and the goodwill is insufficiently reduced. The difference is recognized in profit or loss for the current period. In addition to the above, the deferred income tax assets related to the business combination are recognized in profit or loss.

(6) Preparation method of consolidated financial statements

(a) <u>The principle of determining the scope of consolidation</u>
The scope of consolidation of the consolidated financial statements is determined on the basis of control. Control means that the investor has the power to the investee, enjoys variable returns by participating in the relevant activities of the investee, and has the ability to use the power of the investee to influence the amount of the return.

The consolidated financial statements of the Company are based on the financial statements of the Company and its subsidiaries and are prepared by the Company based on other relevant information. In the preparation of the consolidated financial statements, the accounting policies and accounting periods of the Company and its subsidiaries are required to be consistent, and major transactions and current balances between companies are offset.

During the reporting period, due to the increase in the business combination under the same control, the Company consolidated the income, expenses and profits of the subsidiary from the beginning of the period to the end of the reporting period into the consolidated income statement, and included its cash flow in the consolidated cash flow statement, and adjusted at the same time. The opening and closing figures of the consolidated financial statements; for subsidiaries that are not consolidated under the same control, the Company will include the income, expenses and profits of the subsidiary from the date of purchase to the end of the reporting period in the consolidated income statement, and include the cash flow in the consolidated cash flow statement without adjusting the consolidated financial statements. The beginning and the number of comparisons; during the reporting period, for the disposed subsidiaries, the Company incorporated the income, expenses and profits of the subsidiary from the beginning of the period to the disposal date into the consolidated income statement, and included its cash flow in the consolidated cash flow statement without adjusting the consolidated assets and liabilities. The beginning of the table.

The portion of the shareholder (owner's) interest of the subsidiary that is not owned by the company is separately presented as minority shareholders' equity in the consolidated balance sheet under shareholders' equity. The portion of the subsidiary's current net profit or loss that belongs to minority shareholders' equity is presented as “minority shareholder gains and losses” under the net profit item in the consolidated income statement. The loss of a subsidiary shared by a minority shareholder exceeds the share of the minority shareholder at the beginning of the subsidiary's shareholder (owner's equity), and the balance is still reduced by the minority shareholders' equity.

For the purchase of a minority shareholding in a subsidiary or a transaction for the disposal of a part of the equity investment without loss of control over the subsidiary, as an equity transaction, the book value attributable to the owner's equity and minority interests of the parent company is adjusted to reflect its Changes in related interests in the company. The difference between the adjustment of the minority shareholders' equity and the fair value of the payment/receipt of the consideration is adjusted to the capital reserve. If the capital reserve is insufficient to offset, the retained earnings are adjusted.

If the control of the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity shall be re-measured according to its fair value on the date of loss of control; the sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, less the difference between the share of the original assets and the share of the net assets that the Atomic Company has continuously calculated from the date of purchase, and the investment income in the current period of loss of control ; Other comprehensive income related to the original subsidiary's equity investment will be converted into current investment income when the control loss is lost, except for the changes in the net liabilities or net assets of the original subsidiary. Thereafter, the remaining equity of the part is subsequently measured in accordance with the relevant provisions of the "Accounting Standards for Business Enterprises No. 2 – Long-term Equity Investment" or "Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments".

If the Company disposes of the equity investment in the subsidiary through multiple transactions until the loss of control, it is necessary to distinguish whether the transactions dealing with the equity investment of the subsidiary until the loss of control are a package transaction.

Each transaction that deals with the equity investment of a subsidiary until the loss of control belongs to a package transaction, and the transactions are treated as a transaction that disposes of the subsidiary and loses control. However, the difference between each disposal price and the disposal investment before the loss of control enjoys the share of the subsidiary's net assets, it is recognized as other comprehensive income in the consolidated financial statements, and is transferred to the profit and loss of the current period of loss of control when control is lost

If it is not a package transaction, each of the transactions shall be based on "partial disposal of long-term equity investment in the subsidiary without loss of control" (see the previous two paragraphs) and "due to the disposal of part of the equity investment or Other reasons for the loss of control over the original subsidiary (see the previous paragraph) apply to the accounting principles.

In the individual financial statements, the sum of the book value of the equity investment held by the purchaser before the purchase date and the new investment cost on the purchase date is taken as the initial investment cost of the investment; the shareholding of the purchased party held before the purchase date involves other comprehensive income, other comprehensive income related to the investment at the disposal of the investment is transferred to the current investment income, except for the corresponding share in the changes in the net liabilities or net assets of the defined benefit plan that are accounted for by the acquirer.

(7) Classification of joint venture arrangements and accounting treatment methods for joint operations

(a) Classification of joint venture arrangements

The Company divides the joint venture arrangement into joint operation and joint venture according to the structure of the joint arrangement, the legal form and the terms agreed in the joint arrangement, other relevant facts and circumstances.

Joint venture arrangements not achieved through separate entities are classified as joint operations; joint venture arrangements through separate entities are usually classified as joint ventures; however, there is conclusive evidence that the joint venture arrangements that meet any of the following conditions and comply with the relevant laws and regulations are classified as joint operations:

① The legal form of the joint venture arrangement indicates that the joint venture party has rights and obligations for the relevant assets and liabilities in the arrangement;
② The terms of the contract of the joint venture arrangement stipulate that the joint venture party shall have rights and obligations for the relevant assets and liabilities in the arrangement;
③ Other relevant facts and circumstances indicate that the joint venture party has rights and obligations for the relevant assets and liabilities in the arrangement, for example, the joint venture party enjoys almost all the outputs related to the joint arrangement. And the settlement of liabilities in the arrangement continues to depend on the support of the joint venture.

(b) Accounting treatment methods for joint operations
The Company confirms the following items related to the Company in the share of interest in the joint operation, and performs accounting treatment in accordance with the relevant accounting standards:

① Identify the assets held separately and recognize the assets held jointly by their share;
② Confirm the liabilities assumed separately and recognize the shared liabilities by their share;
③ Confirmation of the proceeds from the sale of the share of the common operating output that it enjoys;
④ Recognize, based on its share, the income generated by the joint operation as a result of the sale of the output;
⑤ Confirm the costs incurred separately and the costs incurred for joint operations based on their share.

The company invests or sells assets to the joint operation (except for the assets that constitute the business), and before the asset is sold to a third party from a joint operation, only the portion of the profit or loss arising from the transaction that is attributable to other parties to the joint operation is recognized. If the assets invested or sold are subject to asset impairment losses in accordance with the “Accounting Standards for Business Enterprises No. 8 – Impairment of Assets”, the Company shall fully recognize the losses.

The Company purchases assets from joint operations (other than the business of the assets), and only confirms the portion of the profit or loss arising from the transaction that belongs to other parties in the joint operation before selling the assets to a third party. If the purchased assets meet the asset impairment losses stipulated in the “Accounting Standards for Business Enterprises No. 8 – Impairment of Assets”, the Company shall recognize the losses according to the share of the commitments.

The Company does not enjoy joint control over joint operations. If the Company enjoys the joint operation related assets and assumes the liabilities related to the joint operation, it shall still be accounted for according to the above principles. Otherwise, it shall be accounted for in accordance with the relevant accounting standards.

(8) The standards of recognizing cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily drawn on demand, and short-term (within 3 months) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(9) Financial instruments (Revised in 2021)

(a) Classification, recognition and measurement of financial assets

The Company is based on the business model of managing financial assets and the contractual cash flow characteristics of financial assets. Financial assets are divided into: financial assets measured at amortized cost; financial assets measured at fair value through other comprehensive income; financial assets at fair value through profit or loss.

Financial assets are measured at fair value on initial recognition. For financial assets at fair value through profit or loss, relevant transaction costs are directly included in current profit and loss; for other types of financial assets, relevant transaction costs are included in the initial recognition amount. For accounts receivable or notes receivable arising from the sale of products or provision of labor services that do not include or consider significant financing components, the amount of consideration that the company is expected to be entitled to receive is the initial recognition amount.

① Financial assets measured at amortized cost

The company's business model for managing financial assets measured at amortized cost is to collect contractual cash flows, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements. That is, the cash flow generated on a specific date is only the payment of principal and interest based on the amount of principal outstanding. For such financial assets, the Company adopts the effective interest method and performs subsequent measurement according to the amortized cost, and the gains or losses arising from its amortization or impairment are included in the current profit and loss.

② Financial assets at fair value through other comprehensive income

The company's business model for managing such financial assets is to target both the collection of contractual cash flows and the sale of such financial assets, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements. The Company measures such financial assets at their fair value and their changes are included in other comprehensive income, but impairment losses or gains, exchange gains and losses and interest income calculated by the effective interest method are included in the current profit and loss.

In addition, the Company designated some non-trading equity instrument investments as financial assets at fair value through other comprehensive income. The Company includes the relevant dividend income of such financial assets into the current profit and loss, and changes in fair value into other comprehensive income. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income will be transferred from other comprehensive income to retained earnings and will not be included in the current profit and loss.

③ Financial assets at fair value through profit or loss
The company classifies the above financial assets measured at amortized cost and financial assets other than financial assets measured at fair value through other comprehensive income as financial assets at fair value through profit or loss. In addition, at the time of initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Company designated some financial assets as financial assets at fair value through profit or loss for the current period. For such financial assets, the Company adopts fair value for subsequent measurement, and changes in fair value are included in the current profit and loss.

(b) Classification, recognition and measurement of financial liabilities
Financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities at initial recognition. For financial liabilities measured at fair value through profit or loss for the current period, relevant transaction costs are directly included in profit or loss for the current period, and transaction costs for other financial liabilities are included in the initial recognition amount.

① Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading (including derivatives that are financial liabilities) and financial liabilities designated at fair value through profit or loss at initial recognition.

Held-for-trading financial liabilities (including derivatives that are financial liabilities) are subsequently measured at fair value. Except for hedge accounting, changes in fair value are included in current profits and losses.

Designated as a financial liability at fair value through profit or loss for the current period, the change in fair value of the liability due to changes in the company's own credit risk is included in other comprehensive income, and when the liability is derecognized, it is included in other comprehensive income. The accumulated changes in fair value caused by changes in its own credit risk are transferred to retained earnings. The remaining fair value changes are included in the current profit and loss. If dealing with the impact of changes in the credit risk of these financial liabilities in the above manner will cause or expand the accounting mismatch in the profit and loss, the company will include all the gains or losses (including the amount affected by changes in the company's own credit risk) of the financial liabilities into the current profit and loss.

② Other financial liabilities
Financial liabilities other than financial liabilities and financial guarantee contracts formed by the transfer of financial assets that do not meet the conditions for termination of recognition or continue to be involved in the transferred financial assets are classified as financial liabilities

measured at amortized cost. Subsequent measurement is performed at amortized cost, and the gain or loss arising from derecognition or amortization is included in the current profit and loss.

(c) Recognition basis and measurement method of financial asset transfer
Financial assets that meet one of the following conditions are derecognized: ① The contractual right to receive the cash flow of the financial asset is terminated; ② The financial asset has been transferred, and almost all the risks and rewards of ownership of the financial asset have been transferred to the transferee; ③ The financial asset has been transferred. Although the enterprise neither transfers nor retains almost all the risks and rewards of ownership of the financial asset, it has given up control over the financial asset.

If the enterprise neither transfers nor retains almost all the risks and rewards of ownership of financial assets, and does not give up control of the financial assets, the relevant financial assets shall be recognized according to the degree of continued involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly. The degree of continued involvement in the transferred financial assets refers to the level of risk faced by the enterprise due to changes in the value of the financial assets.

If the overall transfer of financial assets satisfies the conditions for derecognition, the difference between the book value of the transferred financial assets and the sum of the consideration received due to the transfer and the accumulated amount of changes in fair value originally included in other comprehensive income is included in the current profit and loss.

If the partial transfer of financial assets satisfies the conditions for derecognition, the book value of the transferred financial assets shall be apportioned according to their relative fair value between the derecognized part and the part that has not been derecognized. And the difference between the sum of the consideration received due to the transfer and the accumulated amount of changes in fair value originally included in other comprehensive income that should be allocated to the derecognized part and the aforementioned carrying amount allocated is included in the current profit and loss.

When the company sells financial assets with recourse, or endorses the transfer of financial assets held, it is necessary to determine whether almost all the risks and rewards of ownership of the financial assets have been transferred. If almost all the risks and rewards of ownership of the financial asset have been transferred to the transferee, the recognition of the financial asset shall be terminated. If almost all risks and rewards of ownership of a financial asset are retained, the financial asset will not be derecognized. If almost all the risks and rewards of the ownership of the financial asset are neither transferred nor retained, then continue to judge whether the enterprise retains control over the asset, and conduct accounting treatment according to the principles described in the preceding paragraphs.

(d) Termination of recognition of financial liabilities
When the current obligation of a financial liability (or a part of it) has been discharged, the Company derecognizes the financial liability (or this part of the financial liability). The company

(borrower) signs an agreement with the lender to replace the original financial liabilities by assuming new financial liabilities. And if the contract terms of the new financial liability are substantially different from the original financial liability, the original financial liability shall be terminated and a new financial liability shall be recognized at the same time. If the company substantially modifies the contract terms of the original financial liability (or part of it), the recognition of the original financial liability shall be terminated, and a new financial liability shall be recognized in accordance with the modified terms.

When a financial liability (or part of it) is derecognized, the Company will include the difference between its book value and the consideration paid (including the transferred non-cash assets or assumed liabilities) into the current profit and loss.

(e) Offsetting of financial assets and financial liabilities

When the company has the legal right to offset the recognized amount of financial assets and financial liabilities, and the legal right is currently enforceable. At the same time, when the company plans to settle on a net basis or realize the financial assets and pay off the financial liabilities at the same time, the financial assets and financial liabilities shall be listed in the balance sheet as the net amount after offsetting each other. In addition, financial assets and financial liabilities are listed separately in the balance sheet and are not offset.

(f) Determination of fair value of financial assets and financial liabilities

Fair value refers to the price that can be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. If there is an active market for a financial instrument, the company uses the quotation in the active market to determine its fair value. Quoted prices in an active market refer to prices that are easily obtained from exchanges, brokers, industry associations, pricing service agencies, etc. on a regular basis, and represent the prices of market transactions that actually occur in an arm's length transaction. If there is no active market for financial instruments, the company uses valuation techniques to determine their fair value. Valuation techniques include reference to prices used in recent market transactions between knowledgeable and willing parties, reference to the current fair value of other financial instruments that are substantially the same, discounted cash flow methods, and option pricing models. In valuing, the company uses valuation techniques that are applicable in the current circumstances and supported by sufficient data and other information available. Select inputs that are consistent with the characteristics of the asset or liability considered by market participants in the transaction of the relevant asset or liability, and give preference to relevant observable inputs as far as possible. Non-input values are used when the relevant observable input values are unavailable or impractical to obtain.

(g) Equity instruments

Equity instruments are contracts that demonstrate ownership of the company's remaining equity in its assets after deducting all liabilities. The company's issuance (including refinancing), repurchase, sale or cancellation of equity instruments are treated as changes in equity, and transaction costs related to equity transactions are deducted from equity. The company does not recognize changes in fair value of equity instruments.

If the Company's equity instruments distribute dividends (including "interest" generated by the instruments classified as equity instruments) during the existence period, they shall be treated as profit distribution.

(10) Impairment of financial assets (Revised 2021)

The financial assets for which the Company needs to recognize impairment losses are financial assets measured at amortized cost, and debt instrument investments measured at fair value with changes included in other comprehensive income. It mainly includes notes receivable, accounts receivable and other receivables. In addition, for some financial guarantee contracts, provision for impairment and recognition of credit impairment losses are also made in accordance with the accounting policies described in this section.

(a) Recognition method of impairment provision

Based on expected credit losses, the Company makes provision for impairment and recognizes credit impairment losses for the above items according to the applicable expected credit loss measurement method (general method or simplified method).

Credit loss refers to the difference between all contract cash flows receivable under the contract and all cash flows expected to be received, discounted by the company at the original effective interest rate, that is, the present value of all cash shortfalls. Among them, for purchased or originated credit-impaired financial assets, the Company discounts the financial assets at the credit-adjusted effective interest rate.

The general method of expected credit loss measurement means that the company evaluates on each balance sheet date whether the credit risk of financial assets has increased significantly since the initial recognition. The amount of expected credit losses during the entire duration is used to measure the loss provision; if the credit risk has not increased significantly since the initial recognition, the company will measure the loss provision based on the amount equivalent to the expected credit loss in the next 12 months. The Company considers all reasonable and substantiated information, including forward-looking information, when assessing expected credit losses.

For financial instruments with low credit risk on the balance sheet date, the company assumes that the credit risk has not increased significantly since the initial recognition, and chooses to measure the loss provision based on the expected credit loss in the next 12 months / does not choose the simplified treatment method. According to whether its credit risk has increased significantly since its initial recognition, the expected credit loss amount within the next 12 months or the entire duration is used as the basis to measure the loss provision.

(b) Judgment criteria for whether the credit risk has increased significantly since the initial recognition

If the probability of default of a financial asset during the expected duration determined on the balance sheet date is significantly higher than the probability of default during the expected duration determined at the time of initial recognition, it indicates that the credit risk of the financial asset has increased significantly. Except for special circumstances, the company uses the change in default risk within the next 12 months as a reasonable estimate of the change in default risk during the entire duration to determine whether the credit risk has increased significantly since the initial recognition.

The Company will consider the following factors (without limitation) when assessing whether the credit risk has increased significantly:
(i) Whether the actual or expected operating results of the debtor have changed significantly;
(ii) Whether there has been a significant adverse change in the regulatory, economic or technological environment in which the debtor is located;
(iii) Whether there has been a significant change in the value of the collateral used as collateral for the debt or the quality of the guarantee or credit enhancement provided by a third party, these changes are expected to reduce the debtor's economic motive for repayment within the time limit specified in the contract or affect the probability of default;
(iv) Whether the debtor's expected performance and repayment behavior have changed significantly;
(v) Whether the company's credit management methods for financial instruments have changed, etc.

On the balance sheet date, if the company judges that the financial instrument has only low credit risk, the company assumes that the credit risk of the financial instrument has not increased significantly since the initial recognition. If the default risk of the financial instrument is low, the borrower's ability to meet its contractual cash flow obligations in the short term is strong, and even adverse changes in the economic situation and operating environment over a longer period may not necessarily reduce the borrower's ability to meet its contractual cash flow obligations, the financial instrument is considered to have low credit risk.

(c) Judgment criteria for credit-impaired financial assets When one or more events that adversely affect the expected future cash flow of the financial asset occur, the financial asset becomes a credit-impaired financial asset. Evidence of credit-impaired financial assets includes the following observable information (without limitation):
(i) The issuer or debtor has major financial difficulties;
(ii) The debtor breaches the contract, such as default or overdue payment of interest or principal;
(iii) The creditor gives concessions to the debtor that would not be made under any other circumstances by the creditor for economic or contractual considerations related to the debtor's financial difficulties;
(iv) The debtor is likely to go bankrupt or undergo other financial restructuring;
(v) The financial difficulties of the issuer or debtor lead to the disappearance of the active market for the financial asset;
(vi) Purchase or originate a financial asset at a substantial discount that reflects the fact that a credit loss has occurred.

Credit-impaired financial assets may be caused by the combined action of multiple events, not necessarily by individually identifiable events.

(d) A portfolio-based approach to assessing expected credit risk

The company evaluates credit risk individually for financial assets with significantly different credit risks, such as receivables from related parties within the scope of consolidation. Receivables in disputes with the other party or involved in litigation and arbitration. There are obvious signs that the debtor is likely to be unable to perform the repayment obligations of receivables, etc.

In addition to the financial assets assessed individually for credit risk, the company divides financial assets into combinations based on common risk characteristics. The common credit risk characteristics adopted by the company include: financial instrument type, credit risk rating, aging combination, etc., on the basis of the combination assessing credit risk.

(e) Accounting treatment for impairment of financial assets

The company calculates the estimated credit losses of various financial assets. If the estimated credit losses are greater than the book value of the current impairment provision, the difference is recognized as impairment losses. If it is less than the carrying amount of the current impairment allowance, the difference is recognized as an impairment gain.

(f) Methods for determining credit losses of various financial assets

The Company assesses the expected credit losses of financial instruments based on individual items and combinations. The company considers the credit risk characteristics of different customers, and evaluates the expected credit losses of accounts receivable and other receivables based on the aging portfolio.

①Notes receivable

The company measures the loss provision for bills receivable according to the expected credit loss amount equivalent to the entire duration. Based on the credit risk characteristics of bills receivable, they are divided into different combinations:

Item	Basis for determining the combination
Bank acceptance draft	The acceptor is a bank with less credit risk
Trade acceptance draft	The acceptor is an enterprise with low credit risk

②Accounts receivable

For receivables that do not contain significant financing components, the company measures the loss provision based on the expected credit loss amount equivalent to the entire duration. For receivables that contain significant financing components, the Company shall measure the loss provision using the amount of expected credit losses within the next 12 months or the entire duration according to whether its credit risk has increased significantly since the initial recognition.

As a part of credit risk management, the company determines the credit loss on a single asset basis for debtors with major financial difficulties or business customers with credit decline; For the accounts receivable for which bad debt provision is made based on the combination of credit risk characteristics, on the basis of reference to historical credit loss experience, combined with current conditions and forecasts of future economic conditions, the comparison between the age of accounts receivable and the expected credit loss rate of the entire duration is compiled. Table to calculate expected credit losses. The company's accounts receivable classification:

Item	Basis for determining the combination
Accounts receivable with single provision for bad debts	The Company conducts separate impairment test for receivables with significant single amount, and conducts impairment test for financial assets with no impairment in separate test, including in a portfolio of financial assets with similar credit risk characteristics. Receivables for which impairment losses have been confirmed in a single test are no longer included in a portfolio of receivables with similar credit risk characteristics for impairment testing.
Accounts receivable with bad debt provision based on combination of credit risk characteristics	
Accounts receivable with bad debt provision based on combination of credit risk characteristics	This combination takes the aging of receivables as the credit risk characteristic
Low credit risk combination	Accounts receivable (accounts receivable and other receivables) from related party companies and government units within the scope of the Company's consolidation. The risk of uncollectible is expected to be low, so such receivables are considered as a low credit risk portfolio.

The company does not make provision for bad debts for receivables within the scope of consolidation.

A comparison table of the aging of accounts receivable-credit risk characteristic combination and the expected credit loss rate of the entire duration:

Aging	Expected credit loss rate (%)
Within 1 year (including 1 year)	1
1—2 years	5
2—3 years	10
3—4 years	30
4—5 years	50
More than 5 years	100

③ Other receivables

The company evaluates on each balance sheet date whether its credit risk has increased significantly since the initial recognition. If the credit risk has not increased significantly since the initial recognition, it is in the first stage. The amount of the loss is measured as the loss provision, and the specific measurement method is as follows: Credit losses are determined on a combined basis, and other receivables for which bad debt provision is made based on credit risk characteristics are based on reference to historical credit loss experience, combined with current conditions and forecasts for future economic conditions. Prepare a comparison table between the aging of other receivables and the expected credit loss rate of the entire duration, and calculate the expected credit loss. Refer to the above ② for the comparison table of the aging of the specific credit risk characteristic combination and the expected credit loss rate of the entire duration; If the credit risk has increased significantly since the initial recognition but no credit impairment has occurred, it is in the second stage, and the company measures the loss provision according to the amount equivalent to the expected credit loss during the entire duration; If the credit impairment occurs after the initial recognition, it is in the third stage, and the company measures the loss provision according to the amount equivalent to the expected credit loss during the entire duration. For financial instruments with relatively low credit risk on the balance sheet date, the company assumes that its credit risk has not increased significantly since the initial recognition.

④ Debt investment

Debt investment mainly accounts for bond investment measured at amortized cost. According to whether its credit risk has increased significantly since the initial recognition, the company uses the amount equivalent to the expected credit loss within the next 12 months or the entire duration to measure the impairment loss.

⑤ Other debt investments

Other debt investments are mainly accounted for bond investments at fair value through other comprehensive income. According to whether its credit risk has increased significantly since the initial recognition, the company uses the amount equivalent to the expected credit loss within the next 12 months or the entire duration to measure the impairment loss.

⑥ Long-term receivables (excluding receivables and lease receivables with significant financing components)

Based on whether its credit risk has increased significantly since the initial recognition, the company uses the amount equivalent to the expected credit loss within the next 12 months or the entire duration to measure the impairment loss of long-term receivables.

(11) Receivables (Applicable before December 31, 2020)

(a) Receivables with a single significant amount and single provision for bad debts:

Judgment basis or amount standard for significant single amount	Except for the bad debt provision for the receivables with the government and other departments, the company regards the receivables with a single amount of more than RMB 10 million as a major receivable.
Accrual method for single item amount and single item provision for bad debts	For the individually significant amount of the receivables, the impairment test is carried out separately. There is objective evidence that it has been impaired, and the impairment loss is recognized and the provision for bad debts is made based

Judgment basis or amount standard for significant single amount	Except for the bad debt provision for the receivables with the government and other departments, the company regards the receivables with a single amount of more than RMB 10 million as a major receivable.
	on the amount of the future cash flow of the future cash flow less than its carrying amount.

(b) Accounts receivable for bad debt provision by credit risk characteristics combination:

Accrual method for provision for bad debts based on credit risk characteristics combination (aging analysis method, balance percentage method, other methods)	
Aging analysis combination	Balance percentage method

In the portfolio, the aging analysis method is used to make provision for bad debts:

Applicable √ Not applicable

In the portfolio, the provision for bad debts is made using the balance percentage method:

√Applicable Not applicable

The provision for bad debts is 2% of the ending balance.

(c) Receivables with a single amount that is not significant but are individually provisioned for bad debts:

Reasons for single provision for bad debts	There is a significant difference between the present value of future cash flows of receivables and the present value of future cash flows of the combination of receivables with credit risk characteristics.
Provision method for bad debt provision	The individual recognition method is adopted, and the corresponding bad debt provision is accrued according to the expected bad debt loss. For the receivables from all related parties that are expected to be uncollectible, the provision for bad debts can also be fully made.

(d) For the accounts receivable with non-significant single amount and the individually significant amount of receivables that have not been impaired after separate testing, the provision for bad debts is based on the combination of the percentage method of balance and the individual accrual method.

(e) For other receivables such as bills receivable, prepayments, interest receivable, long-term receivables, etc., provision for bad debts is made based on the difference between the present value of future cash flows and its book value.

(12) Inventories

(a) The classification of inventories

Inventories refer to the finished products or commodities that the company holds for sale in daily activities, the products in the production process, the materials and materials used in the production process or the provision of labor services. The inventory is classified into: raw materials, contract performance costs, development costs, low-value consumables, finished goods, etc.

(b) Valuation method for obtaining and issuing inventory

The company's inventories are recorded at the actual cost at the time of acquisition; the low-value consumables are amortized once they are used; the construction cost and development cost are carried forward using the individual valuation method; others are carried forward at the weighted average method.

(c) Basis for determining the net realizable value of inventories and the accrual method for inventory depreciation reserve

On the balance sheet date, inventories are measured at the lower of cost and net realizable value.

Net realizable value refers to the estimated selling price of inventories minus the estimated cost of completion, estimated selling expenses and related taxes and fees in daily activities. When determining the net realizable value of inventories, based on the solid evidence obtained, consider the purpose of holding the inventories and the impact of events after the balance sheet date.

The stock of goods directly used for sale, such as finished goods, stocked goods and materials for sale, is determined in the normal production and operation process by the estimated selling price of the stock minus the estimated selling expenses and related taxes. Realize the net value. Inventories of processed materials are required. In the normal production and operation process, the estimated selling price of the finished products produced is subtracted from the estimated cost of completion, estimated sales expenses and related taxes and fees. Realize the net value. For the inventory held for the execution of a sales contract or a labor contract, the net realizable value is calculated on the basis of the contract price. If the quantity of the held inventory is more than the quantity ordered by the sales contract, the net realizable value of the excess inventory is the general sales price. Based on calculations.

On the balance sheet date, the company makes provision for inventory depreciation according to individual inventory items; however, for a large number of inventories with lower unit prices, provision for inventory depreciation is made according to the inventory category; it is related to the product series produced and sold in the same region. Or inventory that is similar to the end use or purpose and that is difficult to measure separately from other items, and the provision for inventory depreciation is consolidated.

For the difference between the net realizable value of the inventories and the carrying amount of the inventories, the provision for impairment of inventories is recognized in profit or loss for the current period. If the value of the inventory is recovered in the future period, it shall be reversed within the amount of the provision for impairment of the inventory that has been accrued. The amount of the reversal is included in the current profit and loss.

(d) Stock inventory system

Adopt perpetual inventory system.

(e) Amortization method of low-value consumables and packaging materials

Low-value consumables and packaging materials are valued at actual cost when they are acquired, and are amortized using the one-off amortization method at actual cost.

(13) Contract assets (Revised in 2021)

If the company has transferred goods or services to the customer and has the right to receive consideration, and the right depends on factors other than the passage of time, it is recognized as a contract asset. The Company's unconditional (that is, only dependent on the passage of time) right to receive consideration from customers is presented separately as receivables.

Please refer to Note III. (10) Impairment of financial instruments for the determination method and accounting treatment method of the expected credit loss of contract assets by the Company.

(14) Long-term equity investments

The long-term equity investment referred to in this section refers to the long-term equity investment that the company has control, joint control or significant influence on the invested entity. The Company's long-term equity investments that have no control, joint control or significant influence on the investee are accounted for as available-for-sale financial assets or financial assets at fair value through profit or loss.

(a)The recognition of investment cost

For the long-term equity investment in a business combination under the same control, on the date of merger according to the owner's equity of the merged party in the ultimate control of the book value of the consolidated financial statements of the party's share as the initial cost of the long-term equity investment. Initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred, borne by the difference between the book value of debt and the issuance of shares of the total adjusted capital reserve capital premium; lack of capital surplus capital premium in offset, the retained earnings (adjusted by repeatedly made the same transaction step under the control of the merged party equity, and ultimately the formation of enterprise merger under the same control, should be whether it belongs to the "package deal" for processing: transactions that belong to the "package deal" deal with the transactions as a controlling transaction. Do not belong to the "package deal", on the combining date in accordance with the party should enjoy the rights and interests of the owners / shareholders in the ultimate control of the book value of the consolidated financial statements of the party's share as the initial cost of the long-term equity investment of the merged, the initial investment cost of a long-term equity investment is adjusted to the sum of the book value of the long-term equity investment before the merger, and the difference between the sum of the book value of the new share payment on the merger date and the adjustment of the capital reserve; if the capital surplus is not enough, the retained earnings will be adjusted. The equity investments of the equity investments held prior to the merger date are not accounted for by the equity method or other comprehensive income recognized for the available for sale financial assets.)

For a long-term equity investment achieved in business combination not under the same control, at the date of purchase as the initial cost of a long-term equity investment according to the cost of the business combination, the combination costs include the purchase to pay the assets and liabilities incurred or assumed, the issuance of the fair value of equity securities and (through multiple transactions made step by step the acquiree stake, eventually forming a non-business combination under the same control, should be whether it belongs to the "package deal" for processing: a "package deal", the transaction as a control transaction accounting treatment. The initial investment cost of the long term equity investment, which is calculated by the cost method, is based on the original value of the book value of the share invested by the purchaser, plus the sum of the new investment cost. The equity held by the former is calculated by equity method, and the other related comprehensive income is not handled temporarily. If the original equity investment is the available for sale financial asset, the difference between the fair value and the book value and the accumulated fair value change included in the other comprehensive income shall be transferred to the current profits and losses.

The expenses of auditing, legal service, evaluation and consultation and other relevant administrative expenses arising from the merger of the merging party or the purchaser shall be included in the current profits and losses when it occurs.

Other equity investments except the long-term equity investment formed by the merger of enterprises, the initial cost is measured according to the cost, which is different from the way in which the long-term equity investment is acquired, according to the company actual cash payments for the purchase price, the company issued equity securities, the fair value of the investment contract or agreement, the value of the exchange of non-monetary assets transaction in determining the fair value of the assets or the original book value of the long-term equity investment, own fair value etc.. Expenses, taxes and other necessary expenses which are directly related to the long-term equity investment are also included in the investment cost. For additional investment over the invested entity or the implementation of the implementation of major effect of common control does not constitute control, the cost of the long-term equity investment is in accordance with the " Accounting standards for Enterprises No. 22 - Recognition and Measurement of Financial Instruments" to determine the original holders of equity investment and new investment cost.

(b)Subsequent measurement and profit and loss confirmation method

Long-term equity investment accounted for by cost method

The long-term equity investment that the company can control over the investee is accounted for using the cost method, and the cost of the long-term equity investment is adjusted by adding or recovering the investment according to the initial investment cost.

For long-term equity investments accounted for using the cost method, except for the actual payment or the cash dividends or profits included in the consideration that have been declared but not yet paid, the cash dividends or profits declared by the investee are recognized as investment income. Into the current profit and loss.

Long-term equity investment accounted for by equity method

The Company's long-term equity investments in associates and joint ventures are accounted for using the equity method; for some of the associates indirectly through venture capital institutions, mutual funds, trust companies or similar entities including investment-linked insurance funds Investments are measured at fair value through profit or loss.

When the Company adopts the equity method for long-term equity investment, the investment cost for long-term equity investment is greater than the fair value of the identifiable net assets of the investee when investing, and the investment cost of long-term equity investment is not adjusted; If the investment cost is less than the fair value of the identifiable net assets of the investee when investing, the book value of the long-term equity investment shall be adjusted, and the difference shall be included in the profit and loss of the current investment.

After the company obtains the long-term equity investment, it shall recognize the investment income and other comprehensive income according to the share of net profit and loss and other comprehensive income realized by the invested entity that should be shared or should be shared, and adjust the book value of the long-term equity investment; The investment unit declares the portion of the profit or cash dividend to be distributed, and reduces the book value of the long-term equity investment accordingly; adjusts the long-term equity investment for other changes in the owner's equity other than the net profit or loss, other comprehensive income and profit distribution of the invested entity. The book value is included in the owner's equity.

When the company accounts for long-term equity investments according to the equity method, it first adjusts the fair value, accounting policies and accounting periods of the investee's identifiable assets when investing in the net profit of the investee. The current profit and loss of the investee shall be recognized or shared.

The unrealized internal transaction gains and losses between the Company and the associates and joint ventures are calculated based on the shareholding ratio, and the investment gains and losses are recognized on the basis of offset.

When the company confirms that it should share the losses incurred by the invested company, it shall deal with it in the following order: First, offset the book value of the long-term equity investment. Secondly, if the book value of the long-term equity investment is not sufficient to offset, the investment loss will continue to be recognized, and the book value of long-term receivable items will be offset, subject to other book value of the long-term equity that substantially constitutes the net investment of the invested entity. Finally, after the above-mentioned treatment, if the enterprise still bears additional obligations in accordance with the investment contract or agreement, the estimated liabilities are recognized according to the estimated obligations and included in the current investment losses. If the investee realizes profit in the future period, the company shall, after deducting the unconfirmed loss share, proceed in the reverse order of the above, reduce the book balance of the confirmed liabilities and restore other net assets that substantially constitute the investment of the investee. The book value of long-term equity and long-term equity investments, while recognizing investment income.

Disposal of long-term equity investments

For the disposal of long-term equity investment, the difference between the book value and the actual purchase price is included in the current profit and loss. For the long-term equity investment accounted for using the equity method, when the investment is disposed, the same amount of assets or liabilities are directly disposed to the investee, and the portion that is originally included in other comprehensive income is accounted for. The owner's equity recognized as a result of changes in the owner's equity other than the net profit or loss, other comprehensive income and profit distribution of the investee is carried forward to the current profit and loss. If the joint control or significant influence on the investee is lost due to the disposal of part of the equity investment, etc., the remaining equity after disposal shall be calculated according to the financial instrument confirmation and measurement criteria, the difference between the fair value and the book value on the date of loss of joint control or significant influence is recognized in profit or loss. The other comprehensive income recognized in the original equity investment using the equity method is accounted for on the same basis as the investee's direct disposal of related assets or liabilities when the equity method is terminated. The owner's equity recognized by the investee other than the net profit or loss, other comprehensive income and profit distribution, is transferred to the current profit and loss when the equity method is terminated.

If the control of the investee is lost due to the disposal of part of the equity investment, etc., when preparing the individual financial statements, if the remaining equity after disposal can exert joint control or significant influence on the investee, it shall be accounted for under the equity method, and the residual equity shall be deemed to be adjusted by the equity method when it is acquired; If the remaining equity after disposal cannot jointly control or exert significant influence on the invested entity, it shall be accounted for according to the relevant provisions of the financial instrument confirmation and measurement criteria, the difference between the fair value and the book value on the date of loss of control is recognized in profit or loss.

The disposed equity is obtained through mergers and acquisitions for reasons such as additional investment. In the preparation of individual financial statements, the remaining equity after disposal is accounted for using the cost method or equity method. The equity investment held before the purchase date is accounted for using the equity method. The other comprehensive income and other owner's equity recognized are carried forward on a pro-rata basis; if the remaining equity after disposal is changed to the financial instrument recognition and measurement criteria, the other comprehensive income and other owners' equity are carried forward.

(c) <u>Determine the criteria for joint control and significant impact on the investee</u>

If the company collectively controls an arrangement in accordance with the relevant agreement and the activity decision that has a significant impact on the return of the arrangement needs to be agreed upon by the parties sharing the control, it is regarded as the company and other participation. The parties jointly control an arrangement, which is a joint arrangement.

If the joint venture arrangement is reached through a separate entity and the company determines that the company has rights to the net assets of the individual entity in accordance with the relevant agreement, the individual entity is regarded as a joint venture and is accounted for using the equity method. If it is judged according to the relevant agreement that the company does not have rights to the net assets of the individual entity, the separate entity acts as a joint operation, and the company recognizes the items related to the share of the joint operation interest and conducts accounting treatment in accordance with the relevant accounting standards.

Significant influence refers to the investor's power to participate in the decision-making of the financial and operating policies of the invested entity, but it cannot control or jointly control the formulation of these policies with other parties. The company has a significant impact on the investee by adopting one or more of the following situations and taking into account all facts and circumstances. (1) Representatives of the board of directors or similar authorities of the invested entity; (2) Participation in the financial and business policy formulation process of the invested entity; (3) Important transactions with the investee; (4) The investment unit sends management personnel; (5) provides key technical information to the invested company.

(d) Impairment test method and accrual method

On the balance sheet date, if there is a similar situation in which the book value of the long-term equity investment is greater than the share of the book value of the owner's equity of the invested entity, the company will invest in the long-term equity in accordance with the “Accounting Standards for Business Enterprises No. 8 – Impairment of Assets”. If the impairment test is carried out and the recoverable amount is lower than the book value of the long-term equity investment, provision for impairment is made. For the specific method of depreciation of assets, see Note III (20).

(15) Investment real estate

(a) Types of investment real estate

Investment real estate refers to real estate held for the purpose of earning rent or capital appreciation, or both, which can be separately measured and sold, including: ①Land use rights that have been leased. ②Land use rights that are held and prepared for transfer after appreciation. ③ Buildings that have been rented out.

(b) Measurement model of investment real estate

Investment properties are initially measured at the cost at the time of acquisition. On the balance sheet date, the Company adopts the fair value model for subsequent measurement of investment properties.

When the use of investment real estate is changed to self-use, the company will convert the investment real estate into fixed assets or intangible assets from the date of change. When the purpose of self-use real estate is changed to earn rent or capital appreciation, the company will convert fixed assets or intangible assets into investment real estate from the date of change. When conversion occurs, the book value before conversion is used as the book value after conversion.

(c) Impairment test method and accrual method of investment property

For the method of impairment of assets for investment real estate, see Note III (20).

(d) Conversion of investment real estate

When the use of investment real estate is changed to self-use, the company will convert the investment real estate into fixed assets or intangible assets from the date of change. When the purpose of self-use real estate is changed to earn rent or capital appreciation, the company will convert fixed assets or intangible assets into investment real estate from the date of change. When conversion occurs, the book value before conversion is used as the book value after conversion.

(e) Disposal of investment real estate

When the investment real estate is disposed of, or permanently withdrawn from use, and it is expected that no economic benefits can be obtained from its disposal, the investment real estate shall be derecognized. The difference between the disposal income from the sale, transfer, scrap or damage of investment real estate after deducting its book value and related taxes is included in the current profit and loss.

(16) Fixed assets

(a) Recognition

Fixed assets refer to tangible assets held for the purpose of producing goods, providing labor services, renting or operating management, and having a useful life of more than one year. Fixed assets are recognized when they meet the following conditions:

(1) The economic benefits associated with the fixed assets are likely to flow into the enterprise;
(2) The cost of the fixed asset can be reliably measured.

(b) Classification of fixed assets

The company's fixed assets are classified into: houses and buildings, machinery, transportation equipment, electronic equipment, office equipment and others.

(c) Initial measurement of fixed assets

When the fixed assets are acquired, the initial measurement is carried out according to the actual cost.

(d) Fixed assets depreciation accrual method

The company uses the straight-line method to calculate depreciation. Fixed assets are depreciated when they are ready for their intended use, and are depreciated when they are derecognized or classified as held for sale. Without considering the impairment provision, according to the fixed asset class, estimated service life and estimated residual value, the estimated service life, estimated net residual value and annual depreciation rate of various fixed assets of the Company are as follows:

Types of fixed assets	Estimated service life (years)	Estimated net residual value rate (%)	Annual depreciation rate (%)
Mechanical equipment	5-10	3	9.70-19.40
Transportation Equipment	4	3	24.25
Electronic equipment	3	3	32.33
Office equipment and others	2-5	3	19.40-48.50
Houses and buildings	30-50	3	1.940-3.23

Among them, the fixed assets that have been withdrawn for impairment are also deducted from the accumulated amount of the provision for impairment of fixed assets, and the depreciation rate is determined.

(e) <u>For the impairment test method and accrual method of fixed assets, see Note III. (20).</u>

(f) <u>At the end of each year, the company reviews the service life, estimated net residual value and depreciation method of fixed assets.</u>

If the estimated service life is different from the original estimate, adjust the service life of the fixed asset; if the estimated net residual value is different from the original estimate, adjust the estimated net residual value.

(17) Construction in progress

The cost of the construction in progress of the Company is determined based on the actual project expenditure, including all necessary engineering expenses incurred during the construction period, the borrowing costs to be capitalized before the project reaches the expected usable status, and other related expenses.

The total amount of expenditure incurred by the construction in progress before the construction of the asset reaches the expected usable status is recorded as the value of the fixed assets. If the construction of fixed assets under construction has reached the expected usable condition, but has not yet completed the final settlement of the project, it will be transferred to the fixed value according to the project budget, cost or actual cost of the project from the date of the scheduled usable status. Assets, and depreciation of fixed assets according to the company's fixed assets depreciation policy, after the completion of the final accounts, the original temporary valuation is adjusted according to the actual cost, but the original depreciation amount is not adjusted.

For the method of impairment of assets under construction, see Note III (20).

(18) Borrowing expense

(a) <u>Recognition principle of capitalization of borrowing costs</u>

If the borrowing costs incurred by the Company can be directly attributable to the acquisition, construction or production of assets eligible for capitalization, they shall be capitalized and included in the cost of related assets; other borrowing costs are recognized as expenses at the time of occurrence based on their Into the current profit and loss. Capitalization begins when the borrowing costs meet the following conditions:

①Asset expenditures have occurred, including expenditures incurred in the form of payment of cash, transfer of non-cash assets or commitment of interest-bearing debt for the acquisition, construction or production of assets eligible for capitalization;
②Borrowing costs have occurred;
③The acquisition, construction or production activities necessary to bring the assets to the intended usable or saleable state have begun.

(b) <u>Capitalization of borrowing costs</u>

When the company purchases, constructs or manufactures assets that meet the capitalization conditions and is ready for its intended use or sale, the capitalization of borrowing costs ceases.

When part of the assets of the acquisition, construction or production of assets eligible for capitalization are completed and can be used separately, the capitalization of the borrowing costs of the part of the assets will cease. Each part of the assets purchased, constructed or produced is completed separately, but must be used after the completion of the whole work or can be sold externally. When the assets are completed as a whole, the capitalization of the borrowing costs is stopped. The borrowing costs incurred after the assets that meet the conditions of the capitalization are ready for their intended use or for sale are recognized as expenses at the time of occurrence and are recognized in profit or loss.

(c) Suspension of capitalization period

Capitalization of borrowing costs shall be suspended if the assets eligible for capitalization are interrupted abnormally during the acquisition, construction or production process and the interruption period lasts for more than 3 months; if the interruption is a necessary procedure for the acquisition or construction or production of assets eligible for capitalization to reach the intended usable state or saleable state, the borrowing costs continue to be capitalized. The borrowing costs incurred during the period of interruption are recognized as current gains and losses until the borrowing costs continue to be capitalized after the acquisition or construction of the assets is resumed. Borrowing costs during normal interruptions continue to be capitalized.

(d) Calculation method of capitalization rate of borrowing costs and capitalization amount.

The interest expense of the special loan (Deducting the interest income from the borrowing funds that have not been used for deposit into the bank or the investment income from the temporary investment) and its ancillary expenses shall be capitalized before the assets eligible for capitalization that are purchased or constructed are ready for their intended use or sale.

The amount of interest that should be capitalized for general borrowings is calculated by multiplying the weighted average of the asset expenditures of the accumulated borrowings over the special borrowings by the capitalization rate of the general borrowings used. The capitalization rate is determined based on the weighted average interest rate of general borrowings.

If there is a discount or premium on the loan, the discount or premium amount to be amortized in each accounting period shall be determined according to the actual interest rate method, and the interest amount of each period shall be adjusted.

(19) Intangible assets

(a) Classification of intangible assets, valuation method, service life and impairment test

The company's intangible assets include land use rights and software use rights, franchise rights, etc.

Intangible assets are initially measured at cost, and their useful lives are analyzed and judged when intangible assets are acquired. The service life is limited. From the time when the intangible asset is available for use, the amortization method that reflects the expected realization of the economic benefits related to the asset is amortized over the estimated useful life; if the expected implementation cannot be reliably determined, Amortization using straight-line method; intangible assets with indefinite useful lives are not amortized.

The amortization method of intangible assets with limited-service life is as follows:

Classification	Amortization method	Notes
Land use rights	Annual average method	
Software use rights	Annual average method	
Franchise rights	Annual average method	

At the end of each year, the Company reviews the useful life and amortization method of intangible assets with limited useful life. If the difference is different from previous estimates, the original estimate is adjusted and processed according to accounting estimates.

On the balance sheet date, if an intangible asset is no longer able to bring future economic benefits to the enterprise, the book value of the intangible asset will be transferred to the current profit and loss.

For the method of impairment of intangible assets, see Note III. (20)

(b) Internal research and development expenditure accounting policy

The company divides the expenditure of internal research and development projects into research phase expenditures and development phase expenditures.

Expenditures for the research phase are recognized in profit or loss when incurred.

Expenditure in the development phase can be capitalized if it meets the following conditions: that is, it is technically feasible to complete the intangible asset to enable it to be used or sold; Have the intent to complete the intangible asset and use or sell it; The way in which intangible assets generate economic benefits, including the ability to prove that the products produced using the intangible assets exist in the market or the intangible assets exist in the market, and the intangible assets will be used internally, which can prove its usefulness; Have sufficient technical, financial and other resources to complete the development of the intangible asset and have the ability to use or sell the intangible asset; Expenditure attributable to the development phase of the intangible asset can be reliably measured. Development expenses that do not meet the above conditions are included in the current profit and loss.

The company's research and development project meet the above conditions, and after passing the technical feasibility and economic feasibility study, it judges that it enters the substantive development stage and is capitalized.

Expenditures that have been capitalized during the development phase are listed as development expenditures on the balance sheet and form intangible assets from the date the project reaches its intended use.

(c) Accounting of franchise rights (franchise assets) The Company is involved in certain service franchising arrangements. According to this, the Company will exchange the right to operate the relevant assets in accordance with the pre-set conditions set by the authorizing authority. Assets under the franchise arrangement may be classified as intangible assets or as amounts due from the authorizing authority of the franchise.

(i) If the authorized authority grants the company the right to charge the service recipients within a certain period of operation, but the amount of the charges is uncertain, the intangible assets shall be recognized when the revenue is recognized. The company recognizes the consideration amount of the relevant PPP project assets or the confirmed construction income amount as part of the intangible assets, and the contract assets recognized during the relevant construction period shall be listed in the "intangible assets" item of the balance sheet. After the relevant projects of the franchise arrangement are accepted and the right to receive contract service fees is reached, the franchise assets are amortized on a straight-line basis or the workload method during the franchise period according to the intangible asset model.

(ii) If the company can unconditionally receive a certain amount of monetary funds or other financial assets from the contract grantor. Or if the company's fees for providing business services are lower than a certain limit, the authorized authority will compensate the company for the difference, and the contract assets will be recognized when the revenue is recognized.

(20) Long-term asset impairment

The company's long-term equity investment in subsidiaries, joint ventures and associated company, investment real estate for subsequent measurement using the cost model, fixed assets, construction in progress, intangible assets, goodwill (inventories, investment measured by fair value model) The impairment of assets of real estate, deferred income tax assets and financial assets is determined as follows:

The Company judges whether there is any indication that the asset may be impaired on the balance sheet date. If there is any indication of impairment, the Company will estimate the recoverable amount and conduct an impairment test. Goodwill arising from business combinations, intangible assets with indefinite useful lives, and intangible assets that are not yet ready for use are tested for impairment annually, regardless of whether there is any indication of impairment.

The recoverable amount is determined based on the higher of the fair value of the assets minus the disposal expenses and the present value of the estimated future cash flows of the assets. The Company estimates its recoverable amount on the basis of individual assets; if it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group is determined based on the asset group to which the asset belongs. The identification of an asset group is based on whether the main cash inflow generated by the asset group is independent of the cash inflow of other assets or asset groups.

When the recoverable amount of an asset or asset group is lower than its carrying amount, the Company reduces its carrying amount to the recoverable amount, the amount of the write-down is recognized in profit or loss for the current period, and the corresponding asset impairment provision is made.

For the impairment test of goodwill, the book value of goodwill formed by business combination is apportioned to the relevant asset group in a reasonable way from the date of purchase; it is difficult to apportion to the relevant asset group, and it is distributed to related asset group combinations. The relevant asset group or combination of asset groups is an asset group or combination of asset groups that can benefit from the synergies of the business combination and is not greater than the reporting segment determined by the company.

In the case of impairment test, if there is any indication of impairment of the asset group or asset group combination related to goodwill, firstly, the asset group or asset group combination not including goodwill is tested for impairment, and the recoverable amount is calculated to confirm the corresponding reduction. Loss of value. Then, the asset group or asset group combination containing goodwill is tested for impairment, and the book value and recoverable amount are compared. If the recoverable amount is lower than the book value, the impairment loss of goodwill is recognized.

Once the above asset impairment loss is confirmed, it will not be transferred back in the future accounting period.

(21) Long-term deferred expenses

Long-term deferred expenses are recorded at the actual amount incurred, and are amortized evenly over the beneficial period or within the prescribed period. If the long-term deferred expense item cannot benefit the future accounting period, the amortized value of the item that has not been amortized will be transferred to the current profit and loss.

(22) Contract liabilities (Revised in 2021)

The Company recognizes the portion of the obligation to transfer goods or services to the customer for consideration received or receivable from the customer as contract liabilities.

(23) Payroll and employee benefits payable

Employee compensation refers to various forms of remuneration or compensation given by the company to obtain services provided by employees or to terminate labor relations. Employee benefits include short-term compensation, post-employment benefits, termination benefits and other long-term employee benefits.

(a) Short-term compensation

Short-term remuneration mainly includes wages, bonuses, allowances and subsidies, employee welfare, medical insurance, maternity insurance, work-related injury insurance, housing provident fund, labor union funds, employee education funds, and non-monetary benefits. The Company recognizes the actual short-term employee's remuneration as a liability in the accounting period in which the employees provide services for the Company, and is included in the current profit or loss or related asset costs. Non-monetary benefits are measured at fair value.

If the employee welfare fee is non-monetary benefit, it shall be measured at fair value.

(b) <u>Post-employment benefits</u>

Post-employment benefits mainly include setting up a contribution plan and setting a benefit plan. The defined contribution plan mainly includes basic pension insurance, unemployment insurance and annuity, etc. The corresponding payable amount is included in the relevant asset cost or current profit and loss when incurred.

(c) <u>Dismissal benefits</u>

The dismissal benefit is compensation that the company decides to lift the labor relationship with the employee before the employee's labor contract has expired, or compensation to encourage the employee to accept the reduction voluntarily. When the termination benefits meet the following conditions, they are recognized as estimated liabilities:

①The company has established a formal plan to terminate the labor relationship or propose voluntary reduction proposals, which will be implemented soon. The plan or proposal includes: the department, position and quantity of the employee who intends to terminate the labor relationship or reduction; the termination of the labor relationship or the reduction of the compensation amount according to the relevant work category or position; the time to release the labor relationship or the reduction.

The dismissal plan or proposal is approved by the company's authority. Except for the payment process and other reasons, the partial payment is postponed to more than one year. The dismissal work should generally be completed within one year.

②The company cannot unilaterally withdraw the termination of the labor relations plan or the reduction proposal.

If the company has implemented an internal employee retirement plan, although the employee has not terminated the labor relationship with the company, the company promises to provide compensation substantially similar to the dismissal benefit, which is in line with the above dismissal benefit plan. If the estimated liability conditions are confirmed, they will be treated in the same way as the dismissal benefits. The company will recognize the salary of the retired staff and the social insurance premiums paid during the period from the employee's cessation of service to the normal retirement date, and recognize it as long-term employee remuneration (dismissal benefits), and will not be recognized in the interim period after the employee retreats. Workers' wages and obligations arising from their payment of social insurance premiums.

(d) <u>Accounting treatment for other long-term employee benefits</u>

Other long-term employee benefits provided by the Company to employees that meet the defined contribution plan shall be accounted for according to the defined contribution plan, and otherwise accounted for according to the set income plan.

(24) Preferred shares, perpetual bonds and other financial instruments

(a) Basic principles of accounting for other financial instruments

The financial instruments issued by the company are initially recognized and measured in accordance with the Financial Instrument Presentation Standards and the "Regulations on the Distinction between Financial Liabilities and Equity Instruments and Related Accounting Treatments" promulgated by the Ministry of Finance. Thereafter, interest is accrued or dividends are distributed on each balance sheet date, which shall be processed in accordance with the relevant specific enterprise accounting standards. That is, on the basis of the classification of the issued financial instrument, the accounting treatment of interest expense or dividend distribution of the instrument is determined.

For a financial instrument classified as an equity instrument, regardless of whether its name contains "debt", its interest expense or dividend distribution shall be regarded as the profit distribution of the issuing company, and its repurchase and cancellation shall be treated as changes in equity. For financial instruments classified as financial liabilities, regardless of whether "shares" are included in their names, their interest expenses or dividend distributions are in principle treated as borrowing costs, and the gains or losses arising from their repurchase or redemption are included in the current profit and loss

Transaction fees such as handling fees and commissions incurred by the company in issuing financial instruments, if classified as debt instruments and measured at amortized cost, are included in the initial measurement amount of the issued instruments; if classified as equity instruments, deducted from equity.

(b) Accounting for reclassification

When the conditions or matters stipulated in the original contract terms of the issued financial instruments change with the passage of time or changes in the economic environment, resulting in the reclassification of the issued financial instruments, the following methods shall be used:

(i) A financial instrument originally classified as an equity instrument shall be reclassified as a financial liability from the date when it is no longer classified as an equity instrument, and shall be measured at the fair value of the instrument on the reclassification date. The difference between the book value and the fair value of the financial liability is recognized as equity.

(ii) Financial instruments originally classified as financial liabilities shall be reclassified as equity instruments from the date when they are no longer classified as financial liabilities, and shall be measured at the book value of the financial liabilities on the date of reclassification.

(25) Income recognition principles and measurement methods (Applicable before December 31, 2020)

(a) Revenue from sales of goods

The transfer of the main risks and rewards of ownership of the goods to the purchaser does not retain the continuing management rights usually associated with the ownership, nor does it exercise effective control over the sold goods. The amount of income can be reliably measured, relevant the economic benefits are likely to flow into the enterprise, and the relevant sales revenues can be confirmed when the costs incurred or will occur can be reliably measured.

(b) Providing labor services
If the labor income is provided while satisfying the following conditions, it shall be confirmed:

If the results of the labor service transactions on the balance sheet date can be reliably estimated, the labor income will be recognized by the percentage of completion method. The results of providing labor services can be reliably estimated, which means that the following conditions are met:

①The amount of income can be measured reliably;
②The relevant economic benefits are likely to flow into the enterprise;
③The degree of completion of the transaction can be reliably determined;
④The costs incurred and incurred in the transaction can be measured reliably.

The company determines the completion schedule of the labor service transaction, and can use the following methods: ①Measurement of completed work. ②The labor services already provided account for the proportion of the total amount of labor provided. ③The proportion of costs that have occurred to the estimated total cost.

If the results of labor service transactions on the balance sheet date cannot be reliably estimated, they shall be dealt with as follows:

(1) If the labor costs incurred have been estimated to be compensated, the labor service income is recognized according to the amount of labor costs incurred, and the labor costs are carried forward at the same amount.
(2) If the labor costs incurred have not been compensated, the labor costs incurred will be included in the current profit and loss, and the income from the provision of labor services will not be recognized.

When the contract or agreement signed by the company with other enterprises includes the sale of goods and the provision of labor services, such as the sale of goods and the provision of labor services can be distinguished and separately measured, the sales of goods and the provision of labor services are handled separately; If the labor service part cannot be distinguished, or if it can be distinguished but cannot be separately measured, the contract is all treated as a sales item.

(c) Transfer of asset use rights
The following conditions can only be confirmed if the income from the transfer of asset use rights meets the following conditions:

(1) The relevant economic benefits are likely to flow into the enterprise;
(2) The amount of income can be reliably measured.

The income from the transfer of asset use rights includes interest income and royalty income. The amount of interest income shall be calculated and determined according to the time and actual interest rate of the use of the company's monetary funds by others. The amount of royalty income shall be calculated and determined in accordance with the time and method of charging as stipulated in the relevant contract or agreement.

(26) Income recognition principles and measurement methods (Revised in 2021)

(a) Principles of revenue recognition

When the company has fulfilled the performance obligation in the contract, that is, when the customer obtains the control right of the relevant goods or services (referred to as: goods), the revenue is recognized according to the transaction price allocated to the performance obligation.

Performance obligation refers to the company's commitment to transfer clearly distinguishable goods or services to the customer in the contract.

Obtaining control over a related commodity means being able to dominate the use of the commodity and obtain almost all economic benefits from it.

On the contract start date, the company evaluates the contract, identifies each individual performance obligation contained in the contract, and determines whether each individual performance obligation is performed within a certain period of time or at a certain point in time.

When one of the following conditions is met, it belongs to the performance obligation within a certain period of time, otherwise, it belongs to the performance obligation at a certain point in time: 1) The customer obtains and consumes the economic benefits brought by the company's performance at the same time as the company performs the contract; 2) The customer can control the goods or services under construction during the company's performance; 3) The goods or services produced during the company's performance have irreplaceable uses, and the company has the right to receive payment for the performance that has been completed so far throughout the contract period .

For performance obligations performed within a certain period of time, the company recognizes revenue according to the progress of performance within that period. When the progress of contract performance cannot be reasonably determined, and the costs incurred are expected to be compensated, revenue shall be recognized according to the amount of costs incurred until the progress of contract performance can be reasonably determined. For performance obligations performed at a certain point in time, revenue is recognized at the point in time when the customer obtains control over the relevant goods or services. When judging whether the customer has obtained control of the product, the company considers the following indications: 1) the company has a current right to receive payment for the product, that is, the customer has a current payment obligation for the product; 2) the company has transferred the legal title of the product to The customer, that is, the customer already has the legal ownership of the product; 3) The company has transferred the product in kind to the customer, that is, the customer has physically possessed the product; 4) The company has transferred the main risks and rewards of ownership of the product to the customer, That is, the customer has obtained the main risks and rewards of ownership of the product; 5) the customer has accepted the product; 6) other indications that the customer has obtained control of the product.

(b) Principles of income measurement

(i) The company measures revenue according to the transaction price allocated to each individual performance obligation. The transaction price is the amount of consideration that the company expects to be entitled to receive for the transfer of goods or services to the customer, excluding payments received on behalf of third parties and payments expected to be refunded to the customer.

(ii) If there is variable consideration in the contract, the company determines the best estimate of the variable consideration according to the expected value or the most likely amount. However, the transaction price including variable consideration shall not exceed the amount for which it is highly probable that the accumulated recognized revenue will not be reversed significantly when the relevant uncertainty is eliminated.

(iii) If there is a significant financing component in the contract, the company determines the transaction price according to the amount payable in cash when the customer obtains control of the goods or services. The difference between the transaction price and the contract consideration shall be amortized using the effective interest method during the contract period. On the start date of the contract, if the company expects that the interval between the customer's acquisition of control of the goods or services and the customer's payment of the price is not more than one year, the significant financing component in the contract will not be considered.

(iv) If the contract contains two or more performance obligations, the company will allocate the transaction price to each individual performance obligation according to the relative proportion of the individual selling price of the commodities promised by each individual performance obligation on the contract start date. If it is indicated that the contract discount or variable consideration is only related to one or more (but not all) performance obligations in the contract, the Company allocates the contract discount or variable consideration to the relevant one or more performance obligations.

Stand-alone selling price refers to the price at which the company sells goods or services separately to customers. If the stand-alone selling price cannot be directly observed, the company comprehensively considers all relevant information that can reasonably be obtained, and estimates the stand-alone selling price by using the observable input value to the maximum extent.

(27) Contract costs (Revised 2021)

(a) Contract performance costs

The cost incurred by the Company for performing the contract, which does not belong to the scope of other enterprise accounting standards except the income standard and meets the following conditions at the same time, is recognized as a contract performance cost as an asset:
(i) The cost is directly related to a current or anticipated contract, including direct labor, direct materials, manufacturing overhead (or similar), costs clearly borne by the customer, and other costs incurred solely as a result of the contract;
(ii) This cost increases the resources of the enterprise for fulfilling its performance obligations in the future.
(iii) The cost is expected to be recovered.

The asset is presented in inventory or other non-current assets based on whether the amortization period at initial recognition exceeds one normal operating cycle.

(b) The cost of obtaining the contract
If the incremental cost incurred by the Company for obtaining the contract is expected to be recovered, it is recognized as an asset as the cost of obtaining the contract. Incremental cost refers to the cost that the company will not incur without obtaining the contract, such as sales commission. If the amortization period does not exceed one year, it shall be included in the current profit and loss when it occurs.

(c) Amortization of contract costs
The above-mentioned assets related to contract costs are recognized on the same basis as the income from goods or services related to the assets, and are amortized at the time when the performance obligations are performed or according to the progress of the performance obligations, and are included in the current profit and loss.

(d) Impairment of contract costs
For assets related to contract costs, if the book value is higher than the difference between the following two items, the Company will make provision for impairment of the excess and recognize it as asset impairment loss:
(i) The remaining consideration that the enterprise expects to obtain due to the transfer of goods or services related to the asset;
(ii) Estimate the cost to be incurred for the transfer of the relevant goods or services.

The factors of impairment in previous periods have subsequently changed so that the difference between (i) minus (ii) is higher than the book value of the asset. The original provision for asset impairment should be reversed and included in the current profit and loss, but the book value of the asset after the reversal should not exceed the book value of the asset on the reversal date under the assumption that no provision for impairment is made.

(28) Government grants
Government grants refers to an enterprise that obtains monetary assets or non-monetary assets from the government without compensation.

Government grants are divided into government grants related to assets and government grants related to income. Government subsidies related to assets refer to government subsidies acquired by enterprises for the purpose of purchasing or constructing or otherwise forming long-term assets. Government grants related to income refer to government grants other than government grants related to assets.

Government grants can only be confirmed if they meet the following conditions:
①The enterprise can meet the conditions attached to the government subsidy;
②Enterprises can receive government subsidies.

If the government grants are a monetary asset, it is measured at the amount received or receivable. If a government grant is a non-monetary asset, it is measured at fair value; if the fair value cannot be obtained reliably, it is measured at the nominal amount.

(a) Judgment basis and accounting treatment method of government grants related to assets
Government grants related to assets are written off against the carrying amount of related assets or recognized as deferred income. If the government grants related to the assets are recognized as deferred income, they are included in profit or loss in a reasonable and systematic manner within the useful lives of the related assets. Government grants measured at nominal amounts are recognized directly in profit or loss.

If the relevant assets are sold, transferred, scrapped or damaged before the end of their useful lives, the balance of the relevant deferred income that has not been allocated shall be transferred to the profit and loss of the current period of disposal of the assets.

(b) Government grants judgment basis and accounting treatment method related to income
(1) If it is used to compensate the related costs or losses of the enterprise in the future period, it is recognized as deferred income, and is included in the current profit and loss or offset related costs in the period in which the related costs or losses are recognized;

(2) If it is used to compensate the related costs or losses incurred by the enterprise, it shall be directly included in the current profit and loss or offset related costs.

(c) If the policy preferential loan interest subsidy is obtained, the financial division will allocate the interest subsidy funds to the loan bank and the finance will directly distribute the interest subsidy funds to the enterprise, which are handled as follows:
(1) The government will allocate the interest subsidy funds to the loan bank. If the loan bank provides loans to the enterprise at a preferential interest rate, one of the following methods may be used for accounting treatment:

The borrowing amount actually received is used as the credited value of the borrowing, and the relevant borrowing costs are calculated according to the borrowing principal and the policy preferential interest rate.

The fair value of the borrowings is taken as the book value of the borrowings and the borrowing costs are calculated according to the actual interest rate method. The difference between the actual amount received and the fair value of the borrowings is recognized as deferred income. Deferred income is amortized over the period of the borrowing using the effective interest method to offset the related borrowing costs.

The company chose the first accounting treatment method mentioned above.

(2) The finance will directly distribute the interest-distribution funds to the enterprise, and offset the relevant interest on the relevant interest.

(d) If the confirmed government grants needs to be returned, it shall be accounted for in the current period when the return is required:
(1) If the book value of the relevant assets is written off at the initial confirmation, the book value of the assets shall be adjusted;
(2) If there is any related deferred income, the book balance of related deferred income is written off, and the excess is included in the current profit and loss;
(3) In other cases, it is directly included in the current profit and loss.

The government grants related to the assets are recognized as deferred income, and are included in the current profit and loss or offset the book value of the related assets in a reasonable and systematic manner within the useful lives of the related assets. If the government subsidies related to the income are used to compensate for the related costs or losses in the subsequent period, they are recognized as deferred income, and are included in the current profit and loss or offset related costs when the relevant costs or losses are recognized; If the relevant costs or losses have occurred, they are directly included in the current profit and loss or offset related costs.

At the same time, it includes government subsidies related to assets and income-related parts, and different parts are separately classified for accounting treatment; if it is difficult to distinguish, the whole is classified as government subsidies related to income.

(e) Government grants related to the daily activities of the company are included in other income or offset related costs according to the nature of the economic business; government grants not related to daily activities are included in the non-operating income and expenditure.

(29) Income tax, deferred income tax assets and deferred income tax liabilities
The difference between the book value of assets and liabilities and their tax base (when the items not recognized as assets and liabilities can be determined according to the tax law, the difference between the tax base and the book value). Deferred income tax assets or deferred income tax liabilities are recognized in accordance with the applicable tax rates in the period in which the asset is recovered.

Income tax includes current income tax and deferred income tax. Except for the adjusted goodwill arising from the business combination, or the deferred income tax related to the transactions or events directly included in the owner's equity is included in the owner's equity, the income tax expense is included in the current profit and loss.

The Company recognizes the deferred income tax using the balance sheet liability method based on the temporary difference between the book value of the assets and liabilities at the balance sheet date and the tax base.

The taxable temporary differences are recognized in the related deferred tax liabilities unless the taxable temporary differences arise in the following transactions:

(1) Initial recognition of goodwill, or initial recognition of assets or liabilities arising from transactions with the following characteristics: The transaction is not a business combination, and the transaction does not affect accounting profits or taxable income;

(2) For taxable temporary differences related to investments in subsidiaries, joint ventures and associates, the timing of the reversal of the temporary differences can be controlled and the temporary differences are not likely to be reversed in the foreseeable future.

For deductible temporary differences, ability to carry forward the deductible losses and tax credits for subsequent years, the Company is likely to obtain deductible temporary differences, deductible losses and tax credits. The future taxable income is subject to the recognition of the deferred income tax assets arising therefrom, unless the deductible temporary difference arises in the following transactions:

(1) The transaction is not a business combination, and the transaction does not affect the accounting profit or the taxable income;
(2) For deductible temporary differences related to investments in subsidiaries, joint ventures and associates, and the following conditions are met, the corresponding deferred income tax assets are recognized: temporary differences are likely to be reversed in the foreseeable future. In the future, it is likely that the taxable income will be used to offset the deductible temporary difference.

On the balance sheet date, the Company measures the deferred income tax assets and deferred income tax liabilities at the applicable tax rates in the period in which the assets are recovered or settled, and reflects the income tax effects expected to be recovered or settled on the balance sheet date.

On the balance sheet date, the Company reviews the book value of deferred income tax assets. If it is probable that sufficient taxable income will not be available in the future to offset the benefits of deferred tax assets, the carrying amount of deferred tax assets is reduced. When it is probable that sufficient taxable income will be obtained, the amount of the write-down will be reversed.

(30) Leasing (Revised in 2021)

A lease is a contract whereby the lessor transfers the right to use the asset to the lessee for consideration within a certain period of time.

On the contract inception date, the Company assesses whether the contract is a lease or contains a lease. A contract is or contains a lease if a party to a contract transfers its right to control the use of one or more identified assets for a period of time in exchange for consideration.

In order to determine whether the contract transfers the right to control the use of the identified assets within a certain period, the company conducts the following assessments:
(i) Whether the contract involves the use of the identified asset. An identified asset may be specified explicitly by the contract or implicitly when the asset is available to the customer, and the asset is physically distinguishable. Or if some or other part of the asset's capacity is physically indistinguishable but substantially represents the entire capacity of the asset, thereby enabling the customer to receive substantially all of the economic benefits arising from the use of the asset. An asset is not an identified asset if the supplier of the asset has a substantial right to substitute the asset throughout its life.
(ii) Whether the lessee is entitled to almost all the economic benefits arising from the use of the identified asset during the period of use;
(iii) Whether the lessee has the right to direct the use of the identified asset during the period of use.

If the contract contains multiple separate leases at the same time, the lessee and the lessor shall split the contract and conduct accounting treatment for each separate lease. If the contract contains both lease and non-lease parts, the lessee and the lessor will split the lease and non-lease parts. However, for the lease of land and buildings for which the Company is the lessee, the Company chooses not to separate the lease and non-lease parts contained in the contract, and consolidates the lease parts and their related non-lease parts into leases. When splitting the lease and non-lease parts included in the contract, the lessee allocates the contract consideration according to the relative proportion of the sum of the stand-alone prices of the lease parts and the stand-alone prices of the non-lease parts.

(a) The Company as the lessee
On the commencement date of the lease term, the Company recognizes the right-of-use asset and lease liability for the lease.

The right-of-use asset is initially measured at cost, including the initial measurement amount of the lease liability, lease payments made on or before the commencement date of the lease term (net of the amount related to the lease incentives already enjoyed), initial direct costs incurred, and costs incurred for dismantling and removal. The estimated costs of excluding the leased asset, restoring the site on which the leased asset is located, or restoring the leased asset to the condition agreed upon in the terms of the lease. The Company uses the straight-line method to depreciate right-of-use assets. If it can be reasonably determined that the ownership of the leased asset will be obtained at the expiration of the lease term, the company will accrue depreciation over the remaining useful life of the leased asset. Otherwise, the leased asset is depreciated over the shorter of the lease term and the remaining useful life of the leased asset.

On the balance sheet date, if there is an indication of impairment of the right-of-use asset, the company estimates its recoverable amount and conducts an impairment test on it. The recoverable amount is determined based on the higher of the net amount of the asset's fair value less disposal costs and the present value of the asset's future cash flows. The right-of-use asset impairment provision is made for the difference between the recoverable amount and the book value. Once the provision for impairment of the right-of-use asset is accrued, it cannot be reversed in subsequent accounting periods.

The lease liability is initially measured at the present value of the unpaid lease payments at the commencement date of the lease term, discounted at the interest rate implicit in the lease. If the interest rate implicit in the lease cannot be determined, the incremental borrowing rate of the Company shall be used as the discount rate. The company calculates the interest expense of the lease liability in each period of the lease term according to the fixed periodic interest rate, and includes it into the current profit and loss or the cost of related assets. Variable lease payments that are not included in the measurement of lease liabilities are included in the current profit and loss or the cost of related assets when they are actually incurred.

After the commencement date of the lease term, the Company re-measures the lease liability according to the present value of the changed lease payments in the following circumstances:
(i) Changes in the expected payable amount based on the residual value of the guarantee;
(ii) a change in the index or ratio used to determine lease payments;
(iii) The company's evaluation results of the purchase option, lease renewal option or lease termination option have changed, or the actual exercise of the lease renewal option or lease termination option is inconsistent with the original evaluation result.

When the lease liability is remeasured, the Company adjusts the book value of the right-of-use asset accordingly. If the book value of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the Company will include the remaining amount in the current profit and loss.

The company has chosen not to recognize right-of-use assets and lease liabilities for short-term leases (leases with a lease term not exceeding 12 months) and leases of low-value assets. The relevant lease payments shall be included in the current profit and loss or the cost of relevant assets on a straight-line basis during each period of the lease term.

(b) The Company as the lessor
On the lease commencement date, the Company classifies leases into finance leases and operating leases.

A finance lease is a lease that transfers substantially all of the risks and rewards associated with ownership of the leased asset, regardless of whether ownership is ultimately transferred. Operating leases refer to leases other than finance leases.

When the company acts as a sublease lessor, it classifies the sublease based on the right-of-use asset arising from the original lease, rather than the underlying asset of the original lease. If the original lease is a short-term lease and the Company chooses to apply the above-mentioned simplified treatment of short-term lease to the original lease, the Company classifies the sublease as an operating lease.

Under a financial lease, on the commencement date of the lease period, the Company recognizes the financial lease receivables for the financial lease and derecognizes the financial lease assets.

When the Company initially measures the finance lease receivables, the net investment in the lease is regarded as the entry value of the finance lease receivables. The net lease investment is the sum of the unguaranteed residual value and the present value of the lease receipts not yet received at the commencement date of the lease term, discounted at the interest rate implicit in the lease. The company calculates and recognizes the interest income in each period of the lease period according to the fixed periodic interest rate.

Variable lease payments that are not included in the net lease investment measurement are included in the current profit and loss when they are actually incurred.

Lease receipts from operating leases are recognized as rental income on a straight-line basis over the lease term. The Company capitalizes the initial direct expenses incurred in relation to operating leases, amortizes them on the same basis as rental income recognition during the lease term, and includes them in the current profit and loss in installments. Variable lease payments not included in lease receipts are included in profit or loss for the period when they are actually incurred.

(31) Hold for sale assets

(a) Recognition criteria for hold for sale assets

The non-current assets that meet the following conditions are classified into held for sale assets by the Company: First, the company has already made a resolution on the disposal of the non-current assets; second, the company has signed an irrevocable transfer agreement with the transferee; third, the transfer will be completed within one year.

(b) Accounting treatment of held for sale assets

For fixed assets held for sale, the Company adjusts the estimated net residual value of the fixed assets so that the estimated net residual value of the fixed assets reflects its fair value less the disposal expenses, but may not exceed the original book value of the fixed assets at the time of sale, the difference between the original book value and the estimated net residual value after adjustment, is included in the current profit and loss as the asset impairment loss.

Other non-current assets, such as intangible assets that are held for sale, are treated in accordance with the above principles, but do not include deferred income tax assets, financial assets as defined in the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments.

(32) Important accounting policies and accounting estimate change

(a) Changes in important accounting policies

(i) Implement the new financial instrument standards

According to the "Notice on Issuing and Revising the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments" issued by the Ministry of Finance (Cai Kuai [2017] No. 7), "Notice on Issuing and Revising "Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets" (Cai Kuai [2017] No. 8), "Notice on Issuing and Revising "Accounting Standards for Business Enterprises No. 24 - Hedging Accounting" (Cai Kuai [2017] No. 9), "Notice on Issuing the Amendment of Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments" (Cai Kuai [2017] No. 14) and other regulations, the Company will implement the above revised accounting standards from January 1, 2021. According to the relevant provisions on the connection between the old and new standards, the information of the comparable period will not be adjusted, and the difference between the implementation of the new standard and the original standard on the first implementation date will be retrospectively adjusted to the retained earnings or other comprehensive income at the beginning of the reporting period.

The new financial instrument standards have changed the classification and measurement methods of financial assets, and identified three main measurement categories: amortized cost, measurement at fair value through other comprehensive income, measurement at fair value through current period profit and loss.

The Company considers its own business model and the contractual cash flow characteristics of financial assets for the above classification. Equity investments need to be measured at fair value with changes included in profit or loss for the current period. However, at the time of initial recognition, it can choose to be measured at fair value and its changes are included in other comprehensive income (the gain or loss on disposal cannot be reversed to profit or loss, but the dividend income is included in the current profit and loss), and the choice is irrevocable.

The new financial instrument standard requires that the measurement of impairment of financial assets is changed from the "incurred loss model" to the "expected credit loss model", which is applicable to financial assets measured at amortized cost, financial assets and lease receivables measured at fair value through other comprehensive income.

(ii) Implementation of the new income standards

According to the Accounting Standards for Business Enterprises No. 14 - Revenue (Revised in 2017) issued by the Ministry of Finance on December 9, 2017 (Cai Kuai [2017] No. 22), Circular of the Ministry of Finance on Printing and Distributing the Interpretation of Accounting Standards for Business Enterprises No. 14 Caikuai [2021] No. 1 and relevant provisions of the Accounting Department of the Ministry of Finance on the Implementation of Accounting Standards for Business Enterprises (the fifth batch) and application cases, etc., the company will implement the new revenue standards and interpretations from January 1, 2021.

The Company applies the new revenue standard retrospectively, but the company chooses not to restate if the classification and measurement (including impairment) involving previous comparative financial statement data is inconsistent with the new revenue standard and No. 14 interpretation. Therefore, for the cumulative impact of the implementation of this standard for the first time, the Company adjusted the amount of retained earnings or other related items in the financial statements at the beginning of 2021, and the financial statements for 2020 were not restated.

(iii) Implement the new lease standards
The new lease standard has no actual impact on the Company.

(b) Changes in important accounting estimates during the reporting period of the company
None

(c) According to the relevant provisions on the connection between the old and new standards, the Company will not adjust the information of the comparable period, and retrospectively adjust the retained earnings or other comprehensive income at the beginning of the reporting period for the difference between the implementation of the new standards and the original standards on the first implementation date. From 2021, the new financial instrument standards, new revenue standards and accounting standards for business enterprises will be implemented for the first time to explain and adjust the financial statements at the beginning of the year of the first implementation.

Consolidated Statement of Financial Position

Unit: RMB

Items	December 31, 2020 / Year 2020	January 1, 2021 / Year 2020	Adjustment
Accounts receivable	553,489,343.49	539,968,615.27	-13,520,728.22
Other receivables	2,399,232,765.26	2,429,037,600.13	29,804,834.87
Contract assets		647,552,692.89	647,552,692.89
Available for sale financial assets	9,360,000.00		-9,360,000.00
Long-term receivables	2,825,370,520.50		-2,825,370,520.50
Long-term equity investment	361,604,930.77	342,865,160.19	-18,739,770.58
Investment in other equity instruments		9,360,000.00	9,360,000.00
Intangible Assets	4,353,737,457.85	26,269,624.54	-4,327,467,833.31
Deferred tax assets	139,639,418.21	168,079,183.46	28,439,765.25
Other non-current assets	14,717,876,635.70	22,142,517,974.25	7,424,641,338.55
Accounts payable	1,022,019,840.25	1,774,416,273.08	752,396,432.83
Receipts in advance	46,661,292.81	8,247,296.81	-38,413,996.00

Items	December 31, 2020 / Year 2020	January 1, 2021 / Year 2020	Adjustment
Contractual Liabilities		178,267,448.17	178,267,448.17
Taxes payable	43,321,108.83	41,749,177.49	-1,571,931.34
Other payables	723,429,394.59	567,531,872.08	-155,897,522.51
Other current liabilities		317,039,210.15	317,039,210.15
Surplus reserve	169,163,607.54	174,442,638.94	5,279,031.40
Undistributed profits	1,663,382,405.76	1,588,799,078.92	-74,583,326.84
Non-controlling interests	411,609,256.10	374,433,689.19	-37,175,566.91

Statement of Financial Position

Unit: RMB

Items	December 31, 2020 / Year 2020	January 1, 2021 / Year 2020	Adjustment
Accounts receivable	151,479,375.01	146,430,563.15	-5,048,811.86
Other receivables	6,070,454,641.98	6,170,876,900.05	100,422,258.07
Available for sale financial assets	8,000,000.00		-8,000,000.00
Long-term equity investment	1,152,610,217.18	1,133,870,446.60	-18,739,770.58
Investment in other equity instruments		8,000,000.00	8,000,000.00
Deferred tax assets	84,991,430.52	61,148,068.97	-23,843,361.55
Surplus reserve	169,163,607.54	174,442,638.94	5,279,031.40
Undistributed profits	1,508,054,567.75	1,555,565,850.43	47,511,282.68

(33) Correction of previous errors

The Company adjusts the amount of some items at the beginning of the period according to the income tax final report, asset inspection and other matters as follows:

Items	December 31, 2020/2020 original disclosure amount	December 31, 2020/2020 corrected amount	Correction amount
Accounts receivable	2,400,706,906.61	2,399,232,765.26	-1,474,141.35
Deferred tax assets	139,646,939.34	139,639,418.21	-7,521.13
Taxes payable	30,984,797.85	43,321,108.83	12,336,310.98
Other payables	723,956,292.13	723,429,394.59	-526,897.54
Surplus reserve	170,256,857.34	169,163,607.54	-1,093,249.80
Undistributed profits	1,675,576,541.64	1,663,382,405.76	-12,194,135.88

Items	December 31, 2020/2020 original disclosure amount	December 31, 2020/2020 corrected amount	Correction amount
Non-controlling interests	411,612,946.34	411,609,256.10	-3,690.24
Taxes and surcharges	8,829,895.02	19,762,393.10	10,932,498.08
Assets impairment losses	935,099.47	965,183.99	30,084.52
Non-operating income	5,495,908.27	5,978,980.56	483,072.29
Non-operating Expenses	1,664,961.99	3,125,362.61	1,460,400.62
Income tax expense	1,921,805.78	3,333,139.81	1,411,334.03

IV. MAJOR TAXATION

Main taxes and rates

Taxation	Tax basis	Tax rate
Value added tax	Calculate the difference between the output tax on the taxable sales and the input tax deductible for the current period.	13%、9%、6%
City maintenance and construction tax payable	Turnover tax actually paid	5%、7%
Education surcharge	Turnover tax actually paid	3%
Local education surcharge	Turnover tax actually paid	2%
Corporate income tax	Taxable income	25%

V. NOTES ON MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Cash at bank and on hand

Items	2021.12.31	2020.12.31
Cash on hand	47,044.23	90,042.55
Cash at bank	6,290,029,167.53	5,496,180,955.71
Others	56,000,000.00	56,000,000.00
Total	**6,346,076,211.76**	**5,552,270,998.26**
Of which: total amount deposit abroad		

Note: other currency funds at the end of the period are RMB 50,000,000.00, which is the guarantee deposit of the company in the bank.

(2) Notes receivable

(a) Disclosure of notes receivable

Types	2021.12.31	2020.12.31
Bank acceptance note	221,934.00	
Commercial acceptance note	1,000,000.00	
Total	**1,221,934.00**	

(b) Notes receivable that the company has pledged at the end of the period: None

(c) Notes receivable that have been endorsed or discounted by the company at the end of the period and have not yet expired on the balance sheet date: None

(d) At the end of the period, the company converted the notes into accounts receivable due to the inability of the drawer to perform: None

(3) Accounts receivable

(a) Disclosure of accounts receivable by Age

Aging	2021.12.31	2020.12.31
Within 1 year	221,261,358.29	206,964,347.19
1 to 2 years	8,052,544.93	207,786,715.83
2 to 3 years	119,942,596.86	125,916,653.72
3 to 4 years	112,375,959.83	20,014,007.67
4 to 5 years	16,291,882.63	212,689.09
More than 5 years	1,340,390.75	3,890,630.89
Subtotal	479,264,733.29	564,785,044.39
Less: Provision for bad debts	35,221,794.43	11,295,700.90
Total	**444,042,938.86**	**553,489,343.49**

(b) Accounts receivable are listed by type as follows

Types	2021.12.31				
	Carrying amount		Provision for bad debts		Book value
	Amounts	Proportion (%)	Amounts	Proportion (%)	
Accounts receivable with single provision for bad debts					
Accounts receivable with bad debt provision based on combination of credit risk characteristics	479,264,733.29	100.00	35,221,794.43	7.35	444,042,938.86
Of which: Accounts receivable for which bad debt provision is made according to aging analysis method	193,522,503.00		35,221,794.43	18.20	158,300,708.57
Accounts receivable with bad debt provision for low-risk	285,742,230.29				285,742,230.29

Types	2021.12.31				
	Carrying amount		Provision for bad debts		Book value
	Amounts	Proportion (%)	Amounts	Proportion (%)	
combination					
Total	**479,264,733.29**	**100.00**	**35,221,794.43**	**7.35**	**444,042,938.86**

(Continue)

Types	2020.12.31				
	Carrying amount		Provision for bad debts		Book value
	Amounts	Proportion (%)	Amounts	Proportion (%)	
Accounts receivable with single provision for bad debts					
Accounts receivable with bad debt provision based on combination of credit risk characteristics	564,785,044.39	100.00	11,295,700.90	2.00	553,489,343.49
Total	**564,785,044.39**	**100.00**	**11,295,700.90**	**2.00**	**553,489,343.49**

In the combination, the account receivable analysis method is used to make accounts receivable for bad debts.

Aging	2021.12.31		
	Carrying amount	Provision for bad debts	Proportion (%)
Within 1 year	26,996,358.26	269,963.59	1.00
1 to 2 years	8,052,544.93	402,627.25	5.00
2 to 3 years	85,947,632.01	8,594,763.20	10.00
3 to 4 years	54,893,694.42	16,468,108.32	30.00
4 to 5 years	16,291,882.63	8,145,941.32	50.00
More than 5 years	1,340,390.75	1,340,390.75	100.00
Total	**193,522,503.00**	**35,221,794.43**	

(c) Provision for bad debts

Types	2020.12.31	Changes in accounting policies	Amount of change in the current period			2021.12.31
			Accrual	Recovery or reversal	Elimination or write-off	
Single provision						

Types	2020.12.31	Changes in accounting policies	Amount of change in the current period			2021.12.31
			Accrual	Recovery or reversal	Elimination or write-off	
Combination provision	11,295,700.90	13,523,035.35	10,403,058.18			35,221,794.43
Total	**11,295,700.90**	**13,523,035.35**	**10,403,058.18**			**35,221,794.43**

Note: Other changes are caused by changes in bad debt policy.

(d) There are no accounts receivable actually written off in the current period;

(e) The accounts receivable of the top five at the end of the period collected by the debtor:

Item	Carrying amount	Provision for bad debts	Reason for accrual
Zhengzhou Urban and Rural Construction Committee	194,262,692.92		Low-risk combination
Zhengzhou Zhongyuan New Area Management Committee	91,477,230.26		Low-risk combination
China Power Construction Eleventh Bureau Engineering Co., Ltd.	84,699,696.32	15,614,145.57	Aging combination
Railway Construction Zhongyuan Engineering Co., Ltd.	30,182,985.45	3,018,298.55	Aging combination
China Water Resources and Hydropower Fifth Engineering Bureau Co., Ltd.	26,280,639.17	8,820,621.28	Aging combination
Total	**426,903,244.12**	**27,453,065.40**	

(f) At the end of the period, there are no accounts receivable derecognized due to the transfer of financial assets;

(g) At the end of the period, there is no amount of assets and liabilities formed by transferring accounts receivable and continuing to be involved.

(4) Advances to suppliers

(a) The ageing of advances to suppliers is analyzed below:

Aging	2021.12.31		2020.12.31	
	Amount	Provision (%)	Amount	Provision (%)
Within1year	58,053,554.12	58.84	372,937,849.55	89.03
1 to 2 years	93,000.00	0.09	5,466,185.32	1.30
2 to 3 years	862,807.45	0.88	834,913.53	0.20
More than 3 years	39,652,155.00	40.19	39,662,155.00	9.47

Aging	2021.12.31		2020.12.31	
	Amount	Provision (%)	Amount	Provision (%)
Total	**98,661,516.57**	**100.00**	**418,901,103.40**	**100.00**

(b) Prepayments for the top five ending balances by prepaid objects:

Name	Amount	Proportion of the total balance of accounts receivable at the end of the period (%)
Zhengzhou Railway Administration Engineering Management Office	20,000,000.00	20.27
Zhengzhou Transportation Committee Financial Management Center	19,652,155.00	19.92
China Railway Seventh Bureau Group Zhengzhou Engineering Co., Ltd.	11,500,000.00	11.66
State Grid Henan Electric Power Company Zhengzhou Power Supply Company	4,550,399.35	4.61
Zhengzhou City Construction Jucheng Theatre Management Co., Ltd.	3,495,000.00	3.54
Total	**59,197,554.35**	**60.00**

(5) Other receivables

(a) Other receivables are listed

Types	2021.12.31	2020.12.31
Interest receivables	155,555.56	
Dividend receivables		
Other receivables	2,372,665,983.32	2,399,232,765.26
Total	**2,372,821,538.88**	**2,399,232,765.26**

(b) Interest receivables

Types	2021.12.31	2020.12.31
Zhengzhou City Construction Jucheng Theatre Management Co., Ltd.	155,555.56	
Total	**155,555.56**	

(c) Other receivables

(1) Disclosure by aging

Aging	2021.12.31	2020.12.31
Within 1 year	28,674,344.43	75,781,951.14
1 to 2 years	40,174,387.84	55,626,031.22
2 to 3 years	26,789,251.59	26,905,194.89
3 to 4 years	18,991,827.69	282,345,874.29
4 to 5 years	279,253,954.29	416,653,476.84

Aging	2021.12.31	2020.12.31
More than 5 years	1,995,884,772.72	1,590,884,170.88
Subtotal	2,389,768,538.56	2,448,196,699.26
Less: Provision for bad debts	17,102,555.24	48,963,934.00
Total	**2,372,665,983.32**	**2,399,232,765.26**

(2) Disclosure according to the nature of the payment

Nature of payment	2021.12.31	2020.12.31
Deposits etc.		
Company current payments	2,389,768,538.56	2,448,196,699.26
Subtotal	2,389,768,538.56	2,448,196,699.26
Less: Provision for bad debts	17,102,555.24	48,963,934.00
Total	**2,372,665,983.32**	**2,399,232,765.26**

(3) Classified disclosure according to the method of provision for bad debts

Bad debt provision	Stage I	Stage II	Stage III	**Total**
	ECL over the next 12 months	Lifetime ECL (no credit impairment)	Lifetime ECL (credit-impaired)	
Balance as of December 31, 2020	48,963,934.00			48,963,934.00
Other changes	-29,804,834.87			-29,804,834.87
Balance as of January 1	19,159,099.13			19,159,099.13
The book balance of other receivables on January 1, 2021 in the current period:				
--Transfer to stage II				
--Transfer to stage III				
--Reserve to stage II				
--Reserve to stage I				
Provision				
Reversal	2,056,543.89			2,056,543.89
Elimination				
Write-off				
Other changes				
Balance as of December 31, 2021	17,102,555.24			17,102,555.24

(4) Provision for bad debts

Types	2020.12.31	Amount of change in the current period	2021.12.31

		Accrual	Recovery or reversal	Elimination or write-off	Other	
Stage I	48,963,934.00		2,056,543.89		-29,804,834.87	17,102,555.24
Stage II						
Stage III						
Total	**48,963,934.00**		**2,056,543.89**		**-29,804,834.87**	**17,102,555.24**

Note: Other changes are caused by changes in bad debt policy.

(5) Other receivables with the top five ending balances collected by debtors:

Name	Nature of money	2021.12.31	Aging	Proportion to the total closing balance of other receivables (%)
Zhengzhou Finance Bureau	Current payment	1,690,294,688.32	4-5years, and more than 5 years	70.73
Zhengzhou Municipal Engineering Construction Center	Current payment	382,177,621.83	Within 1 year, and 1-2 years	15.99
Zhengzhou State-owned Assets Supervision and Administration Commission	Current payment	200,000,000.00	4-5years, and more than 5 years	8.37
Xinzheng Finance Bureau	Current payment	44,800,000.00	More than 5 years	1.87
Zhengzhou Zhongyuan Development Investment (Group) Co., Ltd.	Current payment	23,000,000.00	1-2 years and 3-4 years	0.96
Total		**2,340,272,310.15**		**97.92**

(6) There were no other receivables actually written off during the reporting period.

(7) There are no other receivables related to government grants during the reporting period.

(8) During the reporting period, there were no other receivables derecognized due to the transfer of financial assets.

(9) During the reporting period, there is no amount of assets and liabilities formed by transferring other receivables and continuing to be involved.

(6) Inventories

(a) Inventory classification

Item	2021.12.31		
	Book balance	Provision	Book value
Development costs	12,532,231,043.55		12,532,231,043.55
Product development	457,046,013.73		457,046,013.73
Contract performance costs	217,184,922.55		217,184,922.55
Engineering construction			
Finished goods	5,923,991.82		5,923,991.82
Raw material	1,380,695.77		1,380,695.77

Item	2021.12.31		
	Book balance	Provision	Book value
Low value consumables	320,591.53		320,591.53
Reusable materials	11,800.00		11,800.00
Total	**13,214,099,058.95**		**13,214,099,058.95**

(Continued)

Item	2020.12.31		
	Book balance	Provision	Book value
Development costs	11,828,462,515.79		11,828,462,515.79
Product development			
Contract performance costs			
Engineering construction	203,017,846.11		203,017,846.11
Finished goods	6,510,961.52		6,510,961.52
Raw material	917,577.10		917,577.10
Low value consumables	447,302.84		447,302.84
Reusable materials	415,192.41		415,192.41
Total	**12,039,771,395.77**		**12,039,771,395.77**

(b) Inventory depreciation reserve

Types	2020.12.31	Increase in current period		Decrease in current period		2021.12.31
		Accrual	Other	Reversal	Elimination	
None						

(c) The breakdown of development costs is as follows:

Item	2021.12.31	2020.12.31
Jinshui Road West Extension Project	1,743,289,263.14	1,636,554,476.62
South Third Ring East Extension Project	3,364,309,497.11	3,077,961,051.34
Some road projects in Huiji District	276,326,340.29	251,579,926.04
West Third Ring North Extension Project	417,318,920.33	385,333,145.04
107 East moved to the four port linkage line renovation project	15,474,104.56	15,474,118.70
107 National Road, North Fourth Road	430,077,281.73	354,642,095.88
Zhongzhou Avenue Interchange North and South Extension Project	533,000.00	533,000.00

Item	2021.12.31	2020.12.31
Grand Theatre. Civic Activity Center Project	3,155,284,825.01	2,849,359,749.02
Project No. 6 in Changxi Lake Area, Zhengzhou City	359,000.00	359,000.00
Baijiazhuang Project	452,851,512.91	401,498,572.05
Liugou Convenience Service Center Project	86,956,723.14	
Liuggou Project		653,716,070.38
Northern Area Project Zhongyuan New District	1,962,229,532.66	1,782,586,675.32
Zhengzhou Chengjian Science and Technology Plaza Supporting Project	288,353,689.01	287,938,374.96
11 bus planning sites in Zhengzhou	86,581,288.74	61,089,722.89
Wenhua Road engineering	150,142.20	150,142.20
Jinshui East Road under the 107 auxiliary road tunnel project	3,971,449.64	3,971,449.64
Shangdu Road under the 107 auxiliary road tunnel project	3,974,844.67	3,974,844.67
Zhengzhou Parking Lot Program	241,713,886.43	61,740,101.04
The new exhibition hall of the Science and Technology Museum	2,475,741.98	
Total	**12,532,231,043.55**	**11,828,462,515.79**

(7) Contract assets

Items	2021.12.31			2020.12.31		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value
Zhengzhou Third Ring Road Rapidization Project PPP Project	647,552,692.89		647,552,692.89			
Total	**647,552,692.89**		**647,552,692.89**			

(8) Other current assets

Item	2021.12.31	2020.12.31
Prepaid and deductible taxes	572,793,114.87	482,840,591.14
Pre-paid corporate income tax		738,335.53
Other	10,053,301.98	9,934,200.00
Total	**582,846,416.85**	**493,513,126.67**

(9) Available-for-sale Financial Assets

(a) Available-for-sale Financial Assets

Item	2021.12.31			2020.12.31		
	Book balance	Provision	Book value	Book balance	Provision	Book value
1. Available-for-sale bonds						
2. Available-for-sale equity instruments						
Measured at fair value						
Measured by cost				9,360,000.00		9,360,000.00
3. Others						
Total				**9,360,000.00**		**9,360,000.00**

(b) Details of available-for-sale financial assets measured at cost at the 2021.12.31

Investee	Book value				Provision				Shareholding ratio in invested units (%)	Cash bonus
	2020.12.31	Increase in the current period	Decrease in the current period	2021.12.31	2020.12.31	Increase in the current period	Decrease in the current period	2021.12.31		
Qiantang Renjia Co., Ltd	1,360,000.00			1,360,000.00					49.00	
Zhengzhou National Center City Industrial Development Fund Co., Ltd.	8,000,000.00			8,000,000.00					1.00	
Total	**9,360,000.00**			**9,360,000.00**						

Note: The decrease in the current period is adjusted according to the new financial instrument standards.

(10) Long-term receivables

Items	2021.12.31		
	Book balance	Impairment provision	Book value
Jialu River Controlling PPP Project			
Total			

(Continue)

Items	2020.12.31		
	Book balance	Impairment provision	Book value
PPP project investment	2,825,370,520.50		2,825,370,520.50
Total	**2,825,370,520.50**		**2,825,370,520.50**

(11) Long-term equity investments

(a) Listing of long-term equity investments

Items	2021.12.31		
	Book balance	Impairment provision	Book value
Investment in subsidiaries			
Investment in joint ventures and cooperative enterprise	365,778,756.16		365,778,756.16
Total	**365,778,756.16**		**365,778,756.16**

(Continue)

Items	2020.12.31		
	Book balance	Impairment provision	Book value
Investment in subsidiaries			
Investment in joint ventures and cooperative enterprise	361,604,930.77		361,604,930.77
Total	**361,604,930.77**		**361,604,930.77**

(b)Investment in cooperative enterprise

Investee	2020.12.31	Changes in the current period			
		Additional investment	Reduce investment	Investment gains and losses recognized under the equity method	Other comprehensive income adjustment
China Power Construction (Zhengzhou) Urban Construction Investment Management Co., Ltd.	359,887,735.55			23,683,495.07	
Tianjin Guangkong City Investment Management Partnership (Limited Partnership)	944,420.23			2,875.89	
Zhengzhou Urban Construction Jucheng Thearte Management Co., Ltd.	772,774.99			-772,774.99	
Total	**361,604,930.77**			**22,913,595.97**	

(Continue)

Investee	Changes in the current period				2021.12.31	Impairment reserve ending balance
	Other changes in equity	Declare cash dividends or profits	Provision for impairment	Other		
China Power Construction (Zhengzhou) Urban Construction				-18,739,770.58	364,831,460.04	

Investee	Changes in the current period				2021.12.31	Impairment reserve ending balance
	Other changes in equity	Declare cash dividends or profits	Provision for impairment	Other		
Investment Management Co., Ltd.						
Tianjin Guangkong City Investment Management Partnership (Limited Partnership)					947,296.12	
Zhengzhou Urban Construction Jucheng Thearte Management Co., Ltd.						
Total				**-18,739,770.58**	**365,778,756.16**	

(12) Other non-current financial assets

Items	2021.12.31
Classification of financial assets at fair value through profit or loss	21,360,000.00
Of which: Debt instrument investment	
Equity instrument investment	21,360,000.00
Derivative financial assets	
Mixed Instrument Investing	
Other	
Financial assets designated as fair value through profit or loss	
Of which: Debt instrument investment	
Mixed Instrument Investing	
Other	
Total	**21,360,000.00**

Itemized listing of equity instrument investments

Items	2021.12.31
Zhengzhou National Central City Industrial Development Fund Co. Ltd.	20,000,000.00
Qiantang Renjia	1,360,000.00
Total	**21,360,000.00**

(13) Investment properties

Item	2020.12.31	Increase in the current period		
		Purchase or injection	Self-use real estate or inventory transfer	Changes in fair value

Item	2020.12.31	Increase in the current period		
		Purchase or injection	Self-use real estate or inventory transfer	Changes in fair value
1. Total cost	70,365,124.48			
Of which: a. Houses, buildings	70,365,124.48			
b. Land use rights				
2. Total changes in fair value	1,101,446.60			575,927.79
Of which: a. Houses, buildings	1,101,446.60			575,927.79
b. Land use rights				
3. Total book value	71,466,571.08			
Of which: a. Houses, buildings	71,466,571.08			
b. Land use rights	70,365,124.48			

(Continue)

Item	Decrease in the current period		2021.12.31
	Transfer out	Convert to self-use real estate	
1. Total cost			70,365,124.48
Of which: a. Houses, buildings			70,365,124.48
b. Land use rights			
2. Total changes in fair value			1,677,374.39
Of which: a. Houses, buildings			1,677,374.39
b. Land use rights			
3. Total book value			72,042,498.87
Of which: a. Houses, buildings			72,042,498.87
b. Land use rights			

(14) Fixed Assets

(a) Classified disclosure of fixed assets

Item	2021.12.31	2020.12.31
Fixed assets	98,332,089.13	101,175,418.25
Disposal of fixed assets	23,223.01	3,884.30
Total	**98,355,312.14**	**101,179,302.55**

(b) Details of fixed assets

Item	2020.12.31	Increase in the current period	Decrease in the current period	2021.12.31
1. The original value of the book:	300,119,817.69	9,132,568.32	781,651.00	308,470,735.01
Mechanical equipment	52,290,878.47	147,692.62	79,800.00	52,358,771.09

Item	2020.12.31	Increase in the current period	Decrease in the current period	2021.12.31
Transportation Equipment	3,186,046.46	5,840.71	102,690.00	3,089,197.17
Electronic equipment	7,787,398.00	100,655.89	391,116.00	7,496,937.89
Office equipment and others	8,440,641.75	4,038,357.45	203,145.00	12,275,854.20
Houses and buildings	228,414,853.01	4,840,021.65	4,900.00	233,249,974.66
2. Accumulated depreciation	198,944,399.44	11,928,501.51	734,255.07	210,138,645.88
Mechanical equipment	21,090,951.57	4,332,488.69	75,810.00	25,347,630.26
Transportation Equipment	2,656,246.54	121,229.27	97,716.26	2,679,759.55
Electronic equipment	6,317,414.03	255,225.83	379,382.52	6,193,257.34
Office equipment and others	4,009,198.91	1,130,139.31	181,191.13	4,958,147.09
Houses and buildings	164,870,588.39	6,089,418.41	155.16	170,959,851.64
3. Net book value:	101,175,418.25			98,332,089.13
Mechanical equipment	31,199,926.90			27,011,140.83
Transportation Equipment	529,799.92			409,437.62
Electronic equipment	1,469,983.97			1,303,680.55
Office equipment and others	4,431,442.84			7,317,707.11
Houses and buildings	63,544,264.62			62,290,123.02
4. Impairment preparation				
Mechanical equipment				
Transportation Equipment				
Electronic equipment				
Office equipment and others				
Houses and buildings				
5. Book value	101,175,418.25			98,332,089.13
Mechanical equipment	31,199,926.90			27,011,140.83
Transportation Equipment	529,799.92			409,437.62
Electronic equipment	1,469,983.97			1,303,680.55
Office equipment and others	4,431,442.84			7,317,707.11
Houses and buildings	63,544,264.62			62,290,123.02

(15) Construction in progress

Item	2020.12.31	Increase in the current period	Transferred to fixed assets	Other reduction amount	2021.12.31
Decoration fee	12,702,356.14			12,702,356.14	-
Urban Construction Technology Plaza Program	25,054,170.81	24,080,780.29			49,134,951.10
Other	134,000.00	99,073.79			233,073.79
Total	**37,890,526.95**	**24,179,854.08**		**12,702,356.14**	**49,368,024.89**

(16) Intangible assets

Item	Land use rights	Franchise	Unpatented technology	Software	Total
1. The original value of the book:					
(1) 2020.12.31	28,361,665.77	5,901,092,500.00		99,313.10	5,929,553,478.87
(2) Increase in the current period					
a. Purchase					
b. Internal research and development					
c. Other increases					
(3) Decrease in the current period		5,901,092,500.00			5,901,092,500.00
a. Disposal					
b. Other decreases		5,901,092,500.00			5,901,092,500.00
(4) 2021.12.31	28,361,665.77			99,313.10	28,460,978.87
2. Accumulated depreciation					
(1) 2020.12.31	2,116,565.25	1,573,624,666.69		74,789.08	1,575,816,021.02
(2) Increase in the current period	590,530.20			14,077.68	604,607.88
a. Provision	590,530.20			14,077.68	604,607.88
b. Other increases					
(3) Decrease in the current period		1,573,624,666.69			1,573,624,666.69
a. Disposal					
b. Other decreases		1,573,624,666.69			1,573,624,666.69
(4) 2021.12.31	2,707,095.45			88,866.76	2,795,962.21
3. Impairment preparation					
(1) 2020.12.31					
(2) Increase in the current period					
a. Provision					
b. Other increases					
(3) Decrease in the current period					
a. Disposal					
b. Other decreases					
(4) 2021.12.31					
4. Book value					
(1) 2021.12.31	25,654,570.32			10,446.34	25,665,016.66
(2) 2020.12.31	26,245,100.52	4,327,467,833.31		24,524.02	4,353,737,457.85

Note: Other reductions are adjusted in accordance with the Notice of the Ministry of Finance on Issuing the Interpretation No. 14 of Accounting Standards for Business Enterprises, Cai Kuai [2021] No. 1. and have been made to relevant regulations such as Q&A on the implementation of accounting standards for business enterprises (the fifth batch) and application cases of the Accounting Department of the Ministry of Finance.

(17) Long-term deferred expenses

Item	2020.12.31	Increase in the current period	Amortization	Other decrease	2021.12.31
Office building renovation	5,425,146.89	13,253,662.97	1,938,816.48		16,739,993.38
House rental fee	147,600.00	290,982.86	268,842.85		169,740.01
Tianjin Hongsheng Leasing Service fee	8,934,000.00		2,509,333.34		6,424,666.66
Other	339,501.80	4,524.00	344,025.80		
Total	**14,846,248.69**	**13,549,169.83**	**5,061,018.47**		**23,334,400.05**

(18) Deferred tax assets and Deferred tax liabilities

(a) Deferred income tax assets without offset

Item	2021.12.31		2020.12.31	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
(1) Provision for bad debts	52,324,349.69	13,081,087.42	60,259,634.84	15,064,908.71
(2) Employee education funds, etc	1,524,625.04	381,156.26		
(3) Project assets	264,686,909.42	66,171,727.36		
(4) Interest payable	48,110,038.87	12,027,509.72		
(5) Uncovered loss	394,924,350.94	98,731,087.74	498,298,038.00	124,574,509.50
(6) Other	28,272.65	7,068.15		
Total	**761,598,546.61**	**190,399,636.65**	**558,557,672.84**	**139,639,418.21**

(b) Deferred income tax liabilities without offset

Item	2021.12.31		2020.12.31	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Changes in fair value gains and losses	1,677,374.40	419,343.60	1,101,446.60	275,361.65
Interest income before tax time	87,141,271.88	21,785,317.97		
Total	**88,818,646.28**	**22,204,661.57**	**1,101,446.60**	**275,361.65**

(19) Other non-current assets

Item	2021.12.31	2020.12.31

Item	2021.12.31	2020.12.31
Municipal infrastructure	14,590,496,418.25	14,590,496,418.25
National Technology Transfer Zhengzhou Center Co-construction Project	139,000,000.00	120,000,000.00
The Third-Ring Road Rapid Project PPP Project Upgrade and Remediation Project		7,380,217.45
The Third-Ring Road Rapid Project PPP Project	3,372,072,673.14	
Jialu River Comprehensive Management Ecological Greening PPP Project	4,762,448,603.12	
Advances to suppliers	194,399,703.82	
Total	**23,058,417,398.33**	**14,717,876,635.70**

Note: According to the government's positioning of the company's book municipal infrastructure assets, it is determined by the company's research. From January 1, 2017, the accounting presentation method of this type of assets is adjusted from the fixed assets account to other non-current asset accounts, and depreciation is no longer accrued.

(20) Short-term borrowings

(a) Classification

Item	2021.12.31	2020.12.31
Pledged loan		
Mortgage loan		
Guaranteed loan		
Credit loan	200,800,000.00	130,800,000.00
Total	**200,800,000.00**	**130,800,000.00**

(b) At the end of the period, there are no short-term loans that have been overdue.

(c) There was no guaranteed loan in current period.

(21) Accounts payable

Details of accounts payables

Aging	2021.12.31	2020.12.31
Within 1 year	920,995,433.70	114,683,230.24
1 to 2 years	21,216,091.47	11,717,842.35
2 to 3 years	4,106,549.64	1,965,299.38
More than 3 years	766,954,771.41	893,653,468.28
Total	**1,713,272,846.22**	**1,022,019,840.25**

(22) Advances from customers

Aging	2021.12.31	2020.12.31
Within 1 year	4,646,347.12	46,661,292.81
1 to 2 years	613,024.00	
2 to 3 years		
More than 3 years		
Total	**5,259,371.12**	**46,661,292.81**

(23) Contract liabilities

Aging	2021.12.31	2020.12.31
Within 1 year	96,872,743.11	
1 to 2 years	37,614,678.90	
2 to 3 years	18,348,623.85	
More than 3 years	72,383,048.17	
Total	**225,219,094.03**	

(24) Employee benefits payable

(a) Employee benefits payable

Item	2020.12.31	Increase in the current period	Decrease in the current period	2021.12.31
1.Short-term compensation	4,533,370.83	112,590,686.43	112,586,271.31	4,537,785.95
2. Post discharge benefits - defined contribution plan	1,838.37	14,238,919.09	14,238,919.09	1,838.37
3. Termination benefits				
4. Other benefits due within one year				
Total	**4,535,209.20**	**126,829,605.52**	**126,825,190.40**	**4,539,624.32**

(b) Disclosure of Short-term compensation

Items	2020.12.31	Increase in the current period	Decrease in the current period	2021.12.31
1.Wages and salaries, bonuses, allowances and subsidies	89,513.14	95,071,934.95	95,064,595.46	96,852.63
2. Staff welfare		3,325,529.36	3,325,529.36	
3.Social security contributions	977.52	5,812,174.33	5,811,609.73	1,542.12
Including: Medical insurance	977.52	5,403,601.23	5,403,601.23	977.52
Work injury insurance		141,188.59	140,623.99	564.60
Maternity insurance		267,384.51	267,384.51	
4. Housing funds	2,154.00	6,584,209.20	6,584,209.20	2,154.00

Items	2020.12.31	Increase in the current period	Decrease in the current period	2021.12.31
5.Labor union funds and employee education funds	4,440,726.17	1,796,838.59	1,800,327.56	4,437,237.20
6. Short-term absence with compensation				
7. Short-term profit-sharing plan				
Total	**4,533,370.83**	**112,590,686.43**	**112,586,271.31**	**4,537,785.95**

(c) Disclosure of defined contribution plan

Item	2020.12.31	Increase in the current period	Decrease in the current period	2021.12.31
1. Basic pension	1,621.40	8,462,365.39	8,462,365.39	1,621.40
2. Unemployment insurance	216.97	410,693.90	410,693.90	216.97
3. Corporate pension		5,365,859.80	5,365,859.80	
Total	**1,838.37**	**14,238,919.09**	**14,238,919.09**	**1,838.37**

(25) Taxes payable

Items	2021.12.31	2020.12.31
Value added tax	3,656,759.10	6,729,964.70
Corporate income tax	13,573,289.17	23,288,082.66
Individual income tax	149,233.33	356,087.38
City maintenance and construction tax	286,702.88	364,725.07
Stamp tax	172,001.52	87,203.04
House tax	8,861,358.68	11,349,706.49
Land use tax	424,634.09	815,793.70
Educational surcharge	174,480.15	203,048.27
Local education surcharge	97,658.53	124,828.37
Environment protecting fee	1,302.35	1,669.15
Total	**27,397,419.80**	**43,321,108.83**

(26) Other payables

(a) Other payables are listed:

Types	2021.12.31	2020.12.31
Interest payable	211,338,371.24	172,798,738.57
Other payables	396,334,035.52	550,630,656.02
Total	**607,672,406.76**	**723,429,394.59**

(b) Interests payable

Item	2021.12.31	2020.12.31
Debt financing plan	8,924,194.13	1,478,070.78
19 Zhengjian 01 Corporate Bonds	34,500,000.00	34,500,000.00
19 ZhengJian 02 Corporate Bonds	16,415,000.00	16,415,000.00
19 ZhengJian 03 Corporate Bonds	7,420,000.00	7,420,000.00
19 USD Dollar Bond	9,489,166.83	18,595,965.00
Bank loan interest	4,717,364.72	5,056,917.78
Finance lease interest		89,332,785.01
Medium-term notes	23,420,166.67	
PPN bonds	30,262,500.00	
20 USD Dollar Bond	24,436,090.00	
20 Zheng Jian 01 Bond	14,451,666.67	
21 Zheng Jian 01 Corporate Bonds	32,791,111.11	
21 Zheng Jian 02 Corporate Bonds	4,511,111.11	
Total	**211,338,371.24**	**172,798,738.57**

(c) Listing other payables by age

Items	2021.12.31	2020.12.31
Within 1 year	47,004,066.56	280,988,632.47
1 to 2 years	92,340,757.26	13,459,044.40
2 to 3 years	12,376,067.56	10,878,737.45
More than 3 years	244,613,144.14	245,304,241.70
Total	**396,334,035.52**	**550,630,656.02**

(d) Important other payables with an age of more than 1 year are mainly current accounts and quality assurance deposits.

(27) Non-current liabilities due within one year

(a) Non-current liabilities due within one year

Item	2021.12.31	2020.12.31
Long-term borrowings due within one year	2,883,091,477.88	2,757,660,302.52
Long-term payables due within one year		
Bonds payables due within one year	5,575,719,788.60	623,800,000.00

Item	2021.12.31	2020.12.31
Total	**8,458,811,266.48**	**3,381,460,302.52**

Note: The bonds payable due within one year are 17 Zhengzhou Urban Construction MTN001, 17 Zhengzhou Urban Construction MTN002, 19 Urban Construction 01 Bond, 19 Zhengzhou Urban Construction PPN001, 19 Urban Construction 02 Bond, 19 Urban Construction 03 Bond, 19 USD Dollar Bond, 20 Debt Financing Plan Phase 1, 20 Debt Financing Plan 2, 20 Debt Financing Plan 3, 20 Debt Financing Plan 4.

(b) Long-term borrowings due within one year

(1) Long-term borrowings due within one year

Types	2021.12.31	2020.12.31
Guaranteed loan	800,000,000.00	527,900,000.00
Mortgage loan		
Credit loan	2,083,091,477.88	2,229,760,302.52
Total	**2,883,091,477.88**	**2,757,660,302.52**

Note 1: Among the long-term borrowings due within one year, there is no amount of overdue loans that are renewed.

(2) Long-term borrowings detail due within one year

Name	Borrowing date	Termination date	Currency	2021.12.31	2020.12.31
				Local currency amount	Local currency amount
Industrial and Commercial Bank of China Zhengzhou Longhai Branch	2016.06.07	2022.11.15	RMB	23,110,000.00	18,880,000.00
Industrial and Commercial Bank of China Zhengzhou Longhai Branch	2016.12.19	2022.12.15	RMB	15,620,000.00	13,540,000.00
Industrial and Commercial Bank of China Longhai Branch	2016.12.19	2022.12.15	RMB	6,250,000.00	5,420,000.00
No.5 mining International Trust	2016.05.05	2021.11.05	RMB		29,500,000.00
SIIC Financial Leasing Co., Ltd.	2016.08.03	2021.07.30	RMB		55,000,000.00
Industrial and Commercial Bank of China Longhai Branch	2017.03.15	2022.09.15	RMB	17,200,000.00	17,210,000.00
Industrial and Commercial Bank of China Longhai Branch	2017.03.25	2022.10.15	RMB	880,000.00	880,000.00

Name	Borrowing date	Termination date	Currency	2021.12.31	2020.12.31
				Local currency amount	Local currency amount
Industrial and Commercial Bank of China Longhai Branch	2017.04.01	2022.12.15	RMB	12,520,000.00	10,880,000.00
Industrial and Commercial Bank of China Longhai Branch	2017.06.19	2022.12.15	RMB	40,000.00	20,000.00
Industrial and Commercial Bank of China Longhai Branch	2017.06.19	2022.12.15	RMB	5,480,000.00	4,580,000.00
Bank of China Zhengzhou Zhongyuan Sub-branch	2017.03.29	2022.09.30	RMB	11,890,625.00	11,875,000.00
Zheshang Bank Zhengzhou Branch Business Department 20008	2017.04.01	2022.3.31	RMB	95,500,000.00	1,000,000.00
China Guangfa Bank Zhengzhou Huanghe Road Sub-branch	2018.01.09	2021.01.09	RMB		425,000,000.00
Shanghai Pudong Development Bank Baihua Road Sub-branch	2018.01.12	2021.01.12	RMB		98,000,000.00
Shanghai Pudong Development Bank Baihua Road Sub-branch	2018.04.10	2021.04.10	RMB		148,000,000.00
Shanghai Pudong Development Bank Baihua Road Sub-branch	2018.06.11	2021.06.11	RMB		98,000,000.00
Shanghai Pudong Development Bank Baihua Road Sub-branch	2018.06.11	2021.06.11	RMB		148,000,000.00
Zhongyuan Trust	2018.02.09	2021.02.09	RMB		320,000,000.00
Zhongyuan Trust (Zhongyuan Bank Dongfeng South Road Sub-branch)	2019.02.28	2022.02.28	RMB	197,500,000.00	1,000,000.00
Huaxin International Trust	2019.01.04	2022.01.04	RMB		5,000,000.00
Ping An International Financial Leasing (Ping An Bank)	2019.03.20	2022.06.20	RMB	22,992,152.88	44,146,602.52
PICC Capital Debt Investment Plan (Business	2019.02.28	2022.02.28	RMB	370,000,000.00	

Name	Borrowing date	Termination date	Currency	2021.12.31 Local currency amount	2020.12.31 Local currency amount
Department, Hua Xia Bank Zhengzhou Branch)					
PICC Capital Debt Investment Plan (Business Department, Hua Xia Bank Zhengzhou Branch)	2019.02.28	2022.02.28	RMB	430,000,000.00	
Entrusted debt investment (Zhengzhou Bank West Building Materials Sub-branch)	2018.12.21	2021.12.21	RMB		350,000,000.00
China CITIC Bank Huanghe Road Sub-branch	2020.04.16	2021.10.16	RMB		20,000,000.00
Minsheng Bank	2020.08.13	2022.08.13	RMB	199,000,000.00	1,000,000.00
Everbright Bank Huayuan Road Sub-branch	2020.09.03	2022.09.2	RMB	298,000,000.00	2,000,000.00
Bohai Bank Weiwu Road Sub-branch	2021.01.07	2022.08.30	RMB	180,000,000.00	
Ping An Bank	2021.01.29	2022.07.29	RMB	30,000,000.00	
Hua Xia Bank current capital borrowing	2021.03.11	2022.08.11	RMB	9,900,000.00	
Hua Xia Bank current capital borrowing	2021.03.23	2022.09.23	RMB	99,900,000.00	
China Merchants Bank Financial Leasing	2021.04.01	2022.10.01	RMB	60,000,000.00	
Hua Xia Bank current capital borrowing	2021.06.29	2022.12.29	RMB	199,950,000.00	
Hua Xia Bank current capital borrowing	2021.07.30	2022.12.21	RMB	100,000.00	
China Merchants Bank Financial Leasing	2021.09.26	2022.9.26	RMB	40,000,000.00	
Zhengzhou Bank current capital borrowing	2021.12.31	2022.12.30	RMB	2,000,000.00	
China Merchants Bank Zhengzhou Tongbai Road Sub-branch	2018.02.08	2022.12.31	RMB	7,140,000.00	7,140,000.00
China Merchants Bank Zhengzhou Tongbai Road Sub-branch	2018.04.13	2022.12.31	RMB	2,140,000.00	2,140,000.00
China Merchants Bank	2018.12.26	2022.12.26	RMB	1,980,000.00	1,980,000.00

Name	Borrowing date	Termination date	Currency	2021.12.31	2020.12.31
				Local currency amount	Local currency amount
Zhengzhou Tongbai Road Sub-branch					
Bank of Communications Zhengzhou Free Trade Zone Branch	2017.11.03	2022.12.31	RMB	23,403,000.00	23,403,000.00
Bank of Communications Zhengzhou Free Trade Zone Branch	2018.01.12	2022.12.31	RMB	15,000,000.00	15,000,000.00
Sub-branch directly under Postal Savings Bank of China Co., Ltd. Henan Branch	2017.09.27	2022.09.21	RMB	157,140,000.00	157,140,000.00
Sub-branch directly under Postal Savings Bank of China Co., Ltd. Henan Branch	2018.01.19	2022.09.21	RMB	28,580,000.00	28,580,000.00
Sub-branch directly under Postal Savings Bank of China Co., Ltd. Henan Branch	2018.03.27	2022.09.21	RMB	23,560,000.00	23,560,000.00
Bank of China Zhengzhou Zhongyuan Sub-branch	2017.09.29	2022.12.28	RMB	15,000,000.00	15,000,000.00
Bank of China Zhengzhou Zhongyuan Sub-branch	2017.09.30	2022.12.28	RMB	15,000,000.00	15,000,000.00
Far East International Financial Leasing Co., Ltd.	2020.11.13	2022.11.13	RMB	58,000,000.00	48,000,000.00
Zhonyuan Bank Sales Department	2016.03.17	2021.03.16	RMB		399,900,000.00
China Construction Bank Co., Ltd. Zhenggang Sub-branch	2018.10.10	2022.12.21	RMB	20,000,000.00	46,200,000.00
China Construction Bank Co., Ltd. Zhenggang Sub-branch	2019.01.02	2022.12.21	RMB	10,000,000.00	16,200,000.00
China Construction Bank Co., Ltd. Zhenggang Sub-branch	2019.03.22	2022.12.21	RMB	20,000,000.00	37,200,000.00
Agricultural Bank of China High-tech Sub-branch	2019.02.01	2022.12.21	RMB	7,300,000.00	200,000.00
Agricultural Bank of China High-tech Sub-branch	2019.03.22	2022.12.21	RMB	15,549,000.00	426,000.00
Agricultural Bank of China High-tech Sub-branch	2019.09.24	2022.12.21	RMB	18,031,000.00	494,000.00

Name	Borrowing date	Termination date	Currency	2021.12.31	2020.12.31
				Local currency amount	Local currency amount
Agricultural Bank of China High-tech Sub-branch	2020.01.18	2022.12.21	RMB	7,300,000.00	200,000.00
Agricultural Bank of China High-tech Sub-branch	2020.03.27	2022.12.21	RMB	19,710,000.00	540,000.00
Industrial and Commercial Bank of China Longhai Branch	2019.03.21	2022.12.01	RMB	46,760,000.00	46,680,000.00
Industrial and Commercial Bank of China Longhai Branch	2020.01.19	2022.12.01	RMB	13,360,000.00	13,360,000.00
Industrial and Commercial Bank of China Longhai Branch	2020.03.20	2022.12.01	RMB	16,020,000.00	16,100,000.00
China CITIC Bank Huanghe Road Sub-branch	2019.04.25	2022.10.25	RMB	14,285,700.00	14,285,700.00
Total				**2,883,091,477.88**	**2,757,660,302.52**

(28) Long-term borrowings

(a) Long-term borrowing classification

Item	2021.12.31	2020.12.31
Mortgaged loan	6,090,000.00	11,970,000.00
Guaranteed loan	1,014,000,000.00	1,872,000,000.00
Credit loan	9,350,055,240.10	9,760,489,217.98
Total	**10,370,145,240.10**	**11,644,459,217.98**

(b) Description of long-term borrowing classification

Name	Borrowing date	Termination date	Currency	2021.12.31	2020.12.31
				Local currency amount	Local currency amount
Industrial and Commercial Bank of China Zhengzhou Longhai Branch	2016.06.07	2026.06.15	RMB	120,810,000.00	143,920,000.00
Industrial and Commercial Bank of China Zhengzhou Longhai Branch	2016.12.19	2041.12.18	RMB	444,800,000.00	460,420,000.00

Name	Borrowing date	Termination date	Currency	2021.12.31	2020.12.31
				Local currency amount	Local currency amount
Industrial and Commercial Bank of China Zhengzhou Longhai Branch	2016.12.19	2041.12.18	RMB	177,910,000.00	184,160,000.00
Industrial and Commercial Bank of China Zhengzhou Longhai Branch	2017.03.15	2042.03.15	RMB	340,010,000.00	357,210,000.00
Industrial and Commercial Bank of China Zhengzhou Longhai Branch	2017.03.25	2027.03.09	RMB	6,700,000.00	7,580,000.00
Industrial and Commercial Bank of China Zhengzhou Longhai Branch	2017.04.01	2041.12.18	RMB	355,760,000.00	368,240,000.00
Industrial and Commercial Bank of China Zhengzhou Longhai Branch	2017.06.19	2040.06.15	RMB	880,000.00	940,000.00
Industrial and Commercial Bank of China Zhengzhou Longhai Branch	2017.06.19	2040.06.15	RMB	154,780,000.00	160,260,000.00
Bank of China Zhengzhou Zhongyuan Sub-branch	2017.03.29	2042.03.28	RMB	232,171,875.00	238,125,000.00
Zheshang Bank Zhengzhou Branch Business Department 20008	2017.04.01	2022.03.31	RMB		95,500,000.00
Zhongyuan Turst 8218	2019.02.28	2022.02.28	RMB		197,500,000.00
Huaxin International Trust 0773	2019.01.04	2022.01.03	RMB		295,000,000.00
Ping An International Financial Leasing	2019.03.20	2024.03.20	RMB	46,582,615.10	69,574,767.98
PICC Capital Debt Investment Plan (Business Department, Hua Xia Bank	2019.02.28	2022.02.28	RMB		370,000,000.00

Name	Borrowing date	Termination date	Currency	2021.12.31	2020.12.31
				Local currency amount	Local currency amount
Zhengzhou Branch)					
PICC Capital Debt Investment Plan (Business Department, Hua Xia Bank Zhengzhou Branch)	2019.02.28	2022.02.28	RMB		430,000,000.00
Pacific Debt Investment Plan (China CITIC Bank)	2020.03.20	2030.03.20	RMB	500,000,000.00	500,000,000.00
Pacific Debt Investment Plan (Zhongyuan Bank)	2020.04.15	2030.04.15	RMB	500,000,000.00	500,000,000.00
China CITIC Bank Huanghe Road Sub-branch	2020.04.16	2022.06.19	RMB		70,000,000.00
Minsheng Bank	2020.08.13	2022.08.13	RMB		199,000,000.00
Everbright Bank Huayuan Road Sub-branch	2020.09.03	2022.09.02	RMB		298,000,000.00
China Construction Bank Co., Ltd. Songshan Sub-branch	2021.01.04	2024.01.04	RMB	300,000,000.00	
Ping An Bank	2021.01.29	2024.01.28	RMB	255,000,000.00	
China Merchants Bank Financial Leasing	2021.04.01	2026.04.01	RMB	210,000,000.00	
Huaxia Bank current capital borrowing	2021.07.30	2023.01.30	RMB	189,850,000.00	
China Merchants Bank Financial Leasing	2021.09.26	2026.09.26	RMB	160,000,000.00	
Zhengzhou Bank current capital borrowing	2021.12.31	2023.12.30	RMB	148,000,000.00	
China Merchants Bank Zhengzhou Tongbai Road Sub-branch	2018.02.08	2031.11.18	RMB	64,300,000.00	71,440,000.00
China Merchants Bank Zhengzhou Tongbai Road Sub-branch	2018.04.13	2031.11.18	RMB	19,300,000.00	21,440,000.00
China Merchants Bank Zhengzhou Tongbai Road Sub-branch	2018.12.26	2031.11.18	RMB	17,830,000.00	19,810,000.00

Name	Borrowing date	Termination date	Currency	2021.12.31	2020.12.31
				Local currency amount	Local currency amount
Bank of Communications Zhengzhou Free Trade Zone Branch	2017.11.03	2031.12.31	RMB	351,045,000.00	374,448,000.00
Bank of Communications Zhengzhou Free Trade Zone Branch	2018.01.12	2031.12.31	RMB	225,000,000.00	240,000,000.00
China Postal Savings Bank Co., Ltd. Henan Branch Direct Sub-branch	2017.09.27	2032.01.26	RMB	1,492,870,000.00	1,650,010,000.00
China Postal Savings Bank Co., Ltd. Henan Branch Direct Sub-branch	2018.01.19	2032.01.26	RMB	271,390,000.00	299,970,000.00
China Postal Savings Bank Co., Ltd. Henan Branch Direct Sub-branch	2018.03.27	2032.01.26	RMB	223,980,000.00	247,540,000.00
Bank of China Zhengzhou Zhongyuan Sub-branch	2017.09.29	2032.09.29	RMB	217,500,000.00	232,500,000.00
Bank of China Zhengzhou Zhongyuan Sub-branch	2017.09.30	2032.09.30	RMB	217,500,000.00	232,500,000.00
China Construction Bank Co., Ltd. Zhenggang Sub-branch	2019.01.02	2032.09.26	RMB	188,200,000.00	185,200,000.00
China Construction Bank Co., Ltd. Zhenggang Sub-branch	2018.10.10	2032.09.26	RMB	528,100,000.00	506,100,000.00
China Construction Bank Co., Ltd. Zhenggang Sub-branch	2019.03.22	2032.09.26	RMB	415,600,000.00	401,600,000.00
Agricultural Bank Zhengzhou High-tech Development Zone Sub-branch	2019.02.01	2035.01.28	RMB	92,500,000.00	99,800,000.00
Agricultural Bank Zhengzhou High-tech Development Zone	2019.03.22	2035.01.28	RMB	197,025,000.00	212,574,000.00

Name	Borrowing date	Termination date	Currency	2021.12.31	2020.12.31
				Local currency amount	Local currency amount
Sub-branch					
Agricultural Bank Zhengzhou High-tech Development Zone Sub-branch	2019.09.24	2035.01.28	RMB	228,475,000.00	246,506,000.00
Agricultural Bank Zhengzhou High-tech Development Zone Sub-branch	2020.01.18	2035.01.28	RMB	92,500,000.00	99,800,000.00
Agricultural Bank Zhengzhou High-tech Development Zone Sub-branch	2020.03.27	2035.01.28	RMB	249,750,000.00	269,460,000.00
Industrial and Commercial Bank of China Zhengzhou Longhai Branch	2019.03.21	2033.12.31	RMB	583,100,000.00	629,980,000.00
Industrial and Commercial Bank of China Zhengzhou Longhai Branch	2020.01.19	2033.12.31	RMB	166,600,000.00	179,960,000.00
Industrial and Commercial Bank of China Zhengzhou Longhai Branch	2020.03.20	2033.12.31	RMB	199,950,000.00	215,850,000.00
China CITIC Bank Huanghe Road Sub-branch	2019.04.25	2034.04.25	RMB	164,285,750.00	178,571,450.00
Far East International Financial Leasing Co., Ltd.	2020.11.13	2025.11.13	RMB	14,000,000.00	72,000,000.00
Industrial and Commercial Bank of China Wulibao Sub-branch	2014.10.28	2023.01.30	RMB	6,090,000.00	11,970,000.00
Total				**10,370,145,240.10**	**11,644,459,217.98**

(29) Bonds payable

Item	Bond period	Nominal value	Interest adjustment	Issue amount
17 Zhengzhou Urban Construction MTN001	2017.06.28-2022.06.28	300,000,000.00	4,245,283.02	295,754,716.98
17 Zhengzhou Urban Construction MTN002	2017.09.04-2022.09.05	700,000,000.00	9,905,660.38	690,094,339.62
19 Urban Construction 01 Bond	2019.03.26-2024.03.26	1,000,000,000.00	7,075,471.70	992,924,528.30
19 Zhengzhou Urban Construction PPN001	2019.03.29-2022.03.29	500,000,000.00	4,245,283.01	495,754,716.99
19 Urban Construction 02 Bond	2019.04.19-2024.04.19	500,000,000.00	3,537,735.84	496,462,264.16
19 Urban Construction 03 Bond	2019.08.26-2024.08.26	500,000,000.00	3,537,735.84	496,462,264.16
19 Dollar Bond	2019.11.14-2022.11.14	1,957,470,000.00	24,716,909.70	1,932,753,090.30
20 Dollar Bond	2020.01.16-2025.01.16	1,304,980,000.00	23,080,924.70	1,281,899,075.30
20 Zheng Jian 01	2020.03.24-2025.03.24	500,000,000.00	3,537,735.84	496,462,264.16
20 Zhengzhou Urban Construction Ppn001	2020.03.30-2023.03.30	500,000,000.00	4,245,283.00	495,754,717.00
20 Bond Financial Plan Phase 1	2020.08.31-2023.08.31	230,000,000.00	460,000.00	229,540,000.00
20 Bond Financial Plan Phase 2	2020.09.16-2023.09.15	270,000,000.00		270,000,000.00
20 Bond Financial Plan Phase 3	2020.09.18-2023.09.18	230,000,000.00		230,000,000.00
20 Bond Financial Plan Phase 4	2020.09.29-2023.09.29	300,000,000.00		300,000,000.00
21 Zheng Jian 01 Corporate Bonds	2021.3.30-2024.3.30	1,000,000,000.00	7,500,000.00	992,500,000.00
21 Medium-term Notes (21 Zhengzhou Urban Construction MTN001)	2021.06.03-2024.06.03	300,000,000.00	1,350,000.00	298,650,000.00
21 Debt Financing Plan Phase 1	2021.9.15-2024.9.15	290,000,000.00	928,000.00	289,072,000.00
21 Zheng Jian 02 Corporate Bonds	2021.11.01-2026.11.01	500,000,000.00	3,537,735.84	496,462,264.16
21 Zheng Jian 03 Corporate Bonds	2021.12.03-2026.12.02	500,000,000.00	3,537,735.84	496,462,264.16
21 Debt Financing Plan Phase 2	2021.12.22-2024.12.21	500,000,000.00	1,132,075.47	498,867,924.53

Item	Bond period	Nominal value	Interest adjustment	Issue amount
21 Debt Financing Plan Phase 3	2021.12.24-2024.12.23	500,000,000.00		500,000,000.00
Total		**12,882,450,000.00**	**108,373,570.18**	**12,774,076,429.82**

(Continue)

Item	Interest payable at the beginning of the year	Interest adjustment cumulative amortization	Accrued interest this year	Interest paid this year	2021.12.31
17 Zhengzhou Urban Construction MTN001	7,575,000.00	424,528.31	15,150,000.00	15,150,000.00	
17 Zhengzhou Urban Construction MTN002	9,362,500.00	990,566.04	37,450,000.00	37,450,000.00	
18 Yu Zhengzhou Urban Construction ZR001	1,478,070.78		18,560,792.23	20,038,863.01	
19 Urban Construction 01 Bond	34,500,000.00	2,122,641.51	46,000,000.00	46,000,000.00	
19 Zhengzhou Urban Construction PPN001	16,800,000.00	-3,714,739.72	22,400,000.00	22,400,000.00	
19 Urban Construction 02 Bond	16,415,000.00	1,061,320.76	23,450,000.00	23,450,000.00	
19 Urban Construction 03 Bond	7,420,000.00	1,061,320.76	21,200,000.00	21,200,000.00	
19 Dollar Bond	18,595,965.00	-35,915,426.22	76,168,086.03	85,274,884.20	
20 Dollar Bond	23,179,968.33	-25,223,815.06	58,654,558.97	57,398,437.30	1,264,368,901.80
20 Zheng Jian 01	14,451,666.67	1,179,245.28	18,850,000.00	18,850,000.00	498,820,754.72
20 Zhengzhou Urban	13,462,500.00	1,415,094.33	17,950,000.00	17,950,000.00	498,584,905.67

Item	Interest payable at the beginning of the year	Interest adjustment cumulative amortization	Accrued interest this year	Interest paid this year	2021.12.31
Construction PPN001					
20 Bond Financial Plan First Phase	227,316.67		9,442,650.00	9,544,772.56	202,400,000.00
20 Bond Financial Plan Second Phase	546,000.00		13,689,000.00	13,880,100.00	189,000,000.00
20 Bond Financial Plan Third Phase	398,666.67		11,661,000.00	11,823,788.88	161,000,000.00
20 Bond Financial Plan Fourth Phase	3,329,166.67		12,112,500.00	12,750,000.00	180,000,000.00
21 Zheng Jian 01 Corporate Bonds		2,358,490.57	32,791,111.11		995,283,018.87
21 Medium-term Notes (21 Zhengzhou Urban Construction MTN001)		424,528.30	6,482,666.67		299,150,943.39
21 Debt Financing Plan Phase 1			4,466,000.00		290,000,000.00
21 Zheng Jian 02 Corporate Bonds		1,179,245.28	3,150,000.00		497,641,509.44
21 Zheng Jian 03 Corporate Bonds		1,179,245.28	1,361,111.11		497,641,509.44
21 Debt Financing Plan Phase 2			606,250.00		500,000,000.00
21 Debt Financing Plan Phase 3			444,305.56		500,000,000.00

Item	Interest payable at the beginning of the year	Interest adjustment cumulative amortization	Accrued interest this year	Interest paid this year	2021.12.31
Total	**167,741,820.79**	**-51,457,754.58**	**452,040,031.68**	**413,160,845.95**	**6.573.891.543.33**

Note: The above table lists the “issuance amount” as the net amount after deducting the issuance expenses according to the face value of the bond.

The Company issued the medium-term notes in the second quarter of 2017, which was issued by Zhengzhou Urban Construction Investment Group Co., Ltd. through the centralized bookkeeping system for the members of the underwriting group, and the centralized placement method was issued in the national inter-bank bond market. The issuance of the medium-term notes is the second-phase medium-term notes of Zhengzhou Urban Construction Investment Group Co., Ltd. in 2017. The issue amount in the current period is RMB 1 billion, and the term of the medium-term notes is 5 years. The current medium-term notes will be paid once a year, once at maturity, and the last interest will be paid with the redemption of the principal; The payment of interest on the notes of this period shall be handled by the custodian, and the specific matters of interest payment shall be explained in the announcement of interest payment issued by the issuer in the designated media of the relevant competent department in accordance with the relevant provisions of the State.

The Company issued a debt financing plan of RMB 500 million in 2018. The name of the debt is Zhengzhou Urban Construction Group Investment Co., Ltd. 2018 Debt Financing Plan Phase 1. The term is 3 years, the interest rate is 6.98%, the interest is paid on a quarterly basis, and the last interest of the current period is paid with the principal.

In 2019, the Company issued a 01, and 02 Bond plan of RMB 1.5 billion with a term of 5 years. “01 Bond” RMB 1 billion, coupon rate 4.60%, interest payments once a year, the maturity date is March 26 2024; “02 Bond” of RMB 500 million, coupon rate of 4.69%, interest payments once a year, the maturity date is April 19, 2024. The company received the payment on March 26 and April 19 2019 respectively.

The Company will issue the first installment of directional debt financing instrument of Zhengzhou Urban Construction Group Investment Co., Ltd. in 2019, namely 19 Zhengzhou Urban Construction PPN001. The issue term is 3 years, the interest rate is 4.48%, and the interest will be paid once a year.

In 2019, the Company plans to issue 03 bonds with a maturity of RMB 500 million, with a maturity of 5 years, a coupon rate of 4.24%, and an annual payment of interest. The maturity date is August 26, 2024.The company received the payment on August 26, 2019.

The Company plans to issue US 300 million of 19 Dollar Bonds in 2019 with a maturity of 3 years with a coupon rate of 3.80% and an annual payment of interest. The maturity date is November 14, 2022.The company received the payment on November 14, 2019.

The Company plans to issue US 200 million of us 20 Dollar Bonds in 2020 with a maturity of 5 years with a coupon rate of 3.80% and an annual payment of interest. The maturity date is January 16, 2025. The company received the payment on January 16, 2020.

The Company plans to issue 20 Urban Construction 01 Bond in 2020 for RMB 500 million, with a maturity of 5 years and a coupon rate of 3.77%. The interest is paid once a year. The maturity date is March 24, 2025. The company received the bond on March 26, 2020.

The Company plans to issue 20 Zhengzhou Urban Construction PPN001 Bonds in 2020 for RMB 500 million, with a maturity of 3 years and a coupon rate of 3.59%. The interest is paid once a year. The maturity date is March 30, 2023; the company received the bond on March 30, 2020.

The Company will issue 20 Debt Financing Plan 1 Bond Plan in 2020 for RMB 230 million, with a maturity of 3 years and a coupon rate of 4.22%. Interest is paid four times a year. The maturity date is March 31, 2023; the Company received the bond on August 31, 2020.

The Company will issue 20 Debt Financing Plan 2 Bond Plan in 2020 for RMB 270 million, with a maturity of 3 years and a coupon rate of 5.20%. Interest is paid four times a year. The maturity date is September 15, 2023; the Company received the bond on September 16, 2020.

The Company will issue 20 Debt Financing Plan 3 Bond Plan in 2020 for RMB 230 million, with a maturity of 3 years and a coupon rate of 5.20%. Interest is paid four times a year. The maturity date is September 18, 2023; the Company received the bond on September 18, 2020.

The Company will issue 20 Debt Financing Plan 4 Bond Plan in 2020 for RMB 230 million, with a maturity of 3 years and a coupon rate of 4.25%. Interest is paid one times a year. The maturity date is September 29, 2023; the Company received the bond on September 29, 2020.

The Company will issue 21 Zheng Jian 01 Bonds of RMB 1 billion in 2021; the term is 3 years, the coupon rate is 4.34%, the interest is paid once a year, and the maturity date is March 30, 2024. The Company received the payment on March 30, 2021.

The Company will issue 21 Debt Financing Plan Phase 1 of RMB 290 million in 2021. The term is 3 years, the coupon rate is 5.28%, the interest is paid once a year, and the maturity date is September 15, 2024. The Company received the payment on September 15, 2021.

The Company will issue 21 Zheng Jian 02 Corporate Bonds of RMB 500 million in 2021. The term is 5 years, the coupon rate is 3.78%, the interest is paid once a year, and the maturity date is November 1, 2026. The Company received the payment on November 1, 2021.

The Company will issue 21 Zheng Jian 03 Corporate Bonds of RMB 500 million in 2021. The term is 5 years, the coupon rate is 3.50%, the interest is paid once a year, and the maturity date is December 2, 2026. The Company received the payment on December 3, 2021.

The Company will issue 21 Debt Financing Plan Phase 2 of RMB 500 million in 2021. The term is 3 years, the coupon rate is 4.85%, the interest is paid once a year, and the maturity date is December 21, 2024. The Company received the payment on December 22, 2021.

The Company will issue 21 Debt Financing Plan Phase 3 of RMB 500 million in 2021. The term is 3 years, the coupon rate is 4.57%, the interest is paid once a year, and the maturity date is December 23, 2024. The Company received the payment on December 24, 2021.

(30) Deferred income

Name	2021.12.31	2020.12.31
152PZDZX033 project	168,356.13	168,356.13
Zhongyuan District “Xi Shang” rewards	13,705.30	24,515.82
Zhihui Zhengzhou. 1125 gather just plan	546,345.00	96,345.00
Special awards for financial industry development		2,000,000.00
Disaster relief subsidy	3,700,000.00	

Name	2021.12.31	2020.12.31
Total	**4,428,406.43**	**2,289,216.95**

(31) Other non-current liabilities

Name	2021.12.31	2020.12.31
Amount of output tax to be transferred	397,801,208.98	
Total	**397,801,208.98**	

(32) Paid-in capital

Item	2020.12.31	The current period changes (+, -)				2021.12.31
		Capital increase in the current period	Public reserve fund conversion	Other	Subtotal	
Zhengzhou Real Estate Group Co., Ltd.	1,000,000,000.00					1,000,000,000.00
Total	**1,000,000,000.00**					**1,000,000,000.00**

(33) Capital reserves

Item	2020.12.31	Increase in the current period	Decrease in the current period	2021.12.31
Capital premium	15,220,250,516.17	3,100,000.00		15,223,350,516.17
Other capital reserve				
Total	**15,220,250,516.17**	**3,100,000.00**		**15,223,350,516.17**

Note: According to the document of the State-owned Assets Supervision and Administration Commission of the Zhengzhou Municipal People's Government (Zheng Guozi [2010] No. 165), the Zhengzhou Municipal Government allocated a total of RMB 4.027 billion of assets of part of the municipal infrastructure invested and constructed by the municipal government to the company.

According to the "Reply of Zhengzhou Municipal People's Government State-owned Assets Supervision and Administration Commission on Zhengzhou Urban Construction Group Investment Co., Ltd. Increasing Registered Capital" (Zheng Guozi [2010] No. 271). The Company transferred RMB 700 million from the municipal infrastructure allocated in 2010 to its registered capital.

According to the document of the State-owned Assets Supervision and Administration Commission of the Zhengzhou Municipal People's Government (Zheng Guozi [2012] No. 282), the Zhengzhou Municipal Government allocated a total of RMB 7.208 billion of assets for part of the municipal infrastructure invested and constructed by the municipal government to the company, of which RMB 6.006 billion is included in the capital reserve, and RMB 1.202 billion was written off against the receivables from the Zhengzhou Municipal Finance Bureau.

According to the document of the Zhengzhou Municipal People's Government (Zheng Zhenghan [2013] No. 349), the Zhengzhou Municipal People's Government assigned part of the road and bridge assets of RMB 5.71 billion and road maintenance rights managed by the City Urban Construction Commission, the City Urban Management Bureau, and the City Water Authority to the Company.

According to the document of the State-owned Assets Supervision and Administration Commission of the Zhengzhou Municipal People's Government (Zheng Guozi [2013] No. 203), the Zhengzhou Municipal Government transferred 100% of the state-owned property rights of the Songshan Hotel in Zhengzhou to the Company for free, and completed the industrial and commercial change procedures as of February 2014, the Company is included in the capital reserve based on its book value of RMB 65,305,123.21.

According to the document of the State-owned Assets Supervision and Administration Commission of the Zhengzhou Municipal People ’s Government (Zheng Guozi [2013] No. 204), the Zhengzhou Municipal Government transferred 100% of the state-owned property rights of the Huanghe Hotel in Zhengzhou to the Company for free, and the industrial and commercial change procedures have been completed by February 2014 , The Company is included in the capital reserve based on its book value of RMB 22,144,583.43.

According to the document of Zhengzhou Finance Bureau (Zhengcai Office [2016] No. 49), Zhengzhou Finance injected capital of RMB 90 million into the Company, and the Company increased the capital reserve by RMB 90 million according to the document.

(34) Surplus reserves

Item	2020.12.31	Other increase	Increase in the current period	Decrease in the current period	2021.12.31
Legal surplus reserve	169,163,607.54	5,279,031.40	2,069,017.22		176,511,656.16
Discretionary surplus reserve					
Total	**169,163,607.54**	**5,279,031.40**	**2,069,017.22**		**176,511,656.16**

Note: Other increases are caused by changes in accounting policies and corrections of errors. For details, please refer to “Note III (32) Changes in Significant Accounting Policies and Accounting Estimates.”

(35) Undistributed profits

Item	2021.12.31	2020.12.31	Extraction or distribution ratio (10%)
Beginning Balance before adjustment	1,675,576,541.64	1,659,818,291.53	
Adjustment	-86,777,462.72	-1,538,795.21	
Beginning Balance after adjustment	1,588,799,078.92	1,658,279,496.32	
Add: Net profit in the current period	52,442,465.46	9,727,357.00	
Less: Appropriation to legal surplus reserves	2,069,017.22	87,047.56	10

Item	2021.12.31	2020.12.31	Extraction or distribution ratio (10%)
Appropriation to discretionary surplus reserve			
Appropriation to generic risk reserve			
Dividends payable of ordinary shares	3,575,800.00	4,537,400.00	
Dividends transferred to share capital			
Ending Balance	1,635,596,727.16	1,663,382,405.76	

(36) Operating income and Cost of sales

(a) Operating income

Item	2021		2020	
	Income	Cost	Income	Cost
Main business income	1,134,725,524.32	953,737,630.48	1,130,550,570.87	730,581,898.22
Other business income	49,619,754.63	38,961,067.84	17,687,745.82	3,281,786.90
Total	**1,184,345,278.95**	**992,698,698.32**	**1,148,238,316.69**	**733,863,685.12**

(b) Main business (by product)

Name	2021		2020	
	Operating income	Operating cost	Operating income	Operating cost
Management consulting income	33,892,119.12	600,000.00	31,191,650.14	1,476,199.40
PPP income	27,232,389.62	25,024,922.73	628,689,320.39	393,403,532.37
Project settlement and basic construction income	964,682,167.16	898,816,243.45	351,775,807.82	242,547,796.75
Hotel operating income	104,234,432.86	25,924,679.27	98,965,805.03	24,122,037.56
Business service income	4,684,415.56	3,371,785.03	1,732,761.29	1,103,975.50
Prefabricated component income			18,195,226.20	67,928,356.64
Total	**1,134,725,524.32**	**953,737,630.48**	**1,130,550,570.87**	**730,581,898.22**

(37) Taxes and surcharges

Item	2021	2020
City maintenance and construction tax payable	1,639,745.60	1,312,759.91
Educational surcharge	919,696.01	778,911.32
Local educational surcharge	520,936.70	438,673.86
Stamp tax	572,526.28	788,137.40
Land use tax	1,441,394.83	3,983,320.80
Vehicle and vessel tax	4,620.00	5,220.00

Item	2021	2020
House tax	34,920,954.04	12,290,239.48
Environmental protection tax	5,771.45	165,130.33
Total	**40,025,644.91**	**19,762,393.10**

(38) Selling expenses

Item	2021	2020
Selling expense	54,020,462.48	51,162,901.50

(39) Administration expenses

Item	2021	2020
Administration expenses	98,989,066.29	89,336,694.77

(40) Research and development expenses

Item	2021	2020
Research and development expenses	250,000.00	

(41) Financial expenses

Item	2021	2020
Interest expense	451,754,464.44	286,321,010.68
Less: Interest income	531,481,708.19	34,002,717.98
Exchange losses		
Less: Exchange income		
Bank charges	16,608,806.58	12,533,447.52
Total	**-63,118,437.17**	**264,851,740.22**

(42) Other income

Item	2021	2020
1. Additional deduction of input tax		133,935.83
2. Additional deduction and refund of value-added tax		152,124.73
3. Refund of tax handling fee	30,616.72	
4. Rewards and subsidies		6,773,200.00
5. Others	1,133,855.78	
Total	**1,164,472.50**	**7,059,260.56**

(43) Investment income

Item	2021	2020
Long-term equity investment measured at equity method	22,913,595.97	23,105,489.52
Investment income of disposal of a long-term equity		
Investment income of held-for-trading financial assets during the holding period		
Dividend income from other equity instrument investments during the holding period	957,343.00	
Investment income of available-for-sale financial assets during the holding period		1,071,148.00
Interest income from debt investment during the holding period		
Interest income from other debt investments during the holding period		
Investment income from disposal of held-for-trading financial assets		
Investment income from disposal of other equity instrument investments		
Investment income from disposal of debt investment		
Investment income from disposal of other debt investments		
Derecognized gains from financial assets measured at amortized cost		
Total	**23,870,938.97**	**24,176,637.52**

(44) Gains and losses from changes in fair value

Item	2021	2020
Financial assets at fair value through profit or loss		
Of which: gains from changes in fair value from derivative financial instruments		
Financial liabilities at fair value through profit or loss		
Investment real estate at fair value	575,927.79	-64,145.92
Total	**575,927.79**	**-64,145.92**

(45) Credit impairment losses

Item	2021	2020
1. Bad debt losses	-8,346,514.29	
2. Debt investment impairment loss		
3. Impairment losses on other debt investments		
4. Impairment losses on long-term equity investments		
V. Goodwill impairment loss		
6. Others		
Total	**-8,346,514.29**	

(46) Asset impairment losses

Item	2021	2020
1. Bad debt losses		965,183.99
2. Inventory depreciation loss		
3. Impairment losses of investment properties		
4. Impairment loss of fixed assets		
V. Impairment loss of engineering materials		
VI. Impairment loss of construction in progress		
7. Impairment loss of productive biological assets		
8. Impairment losses of oil and gas properties		
9. Impairment loss of intangible assets		
10. Others		
Total		**965,183.99**

(47) Asset disposal income

Item	2021	2020
Total non-current asset disposal gains	12,155.83	16,480.17
Including: Gains from the disposal of fixed assets	12,155.83	16,480.17
Gains from disposal of intangible assets		
Others		
Total	**12,155.83**	**16,480.17**

(48) Non-operating income

(a) Listing of non-operating income

Item	2021	2020
Subtotal of disposal of non-current assets	1,703.04	306,306.68
Including: Gains from the disposal of fixed assets	1,703.04	306,306.68
Gains from disposal of intangible assets		
Debt restructuring gains		
Non-monetary assets exchange		
Donation profit		
Government Grants	2,355,340.88	2,321,254.14
Identify unpaid accounts payable		
Others	755,670.45	3,351,419.74
Total	**3,112,714.37**	**5,978,980.56**

(49) Non-operating expenses

Item	2021	2020
Subtotal of Losses due to disposal of non-current assets	193,788.39	701,695.18
Including: Losses of disposal of fixed assets	193,788.39	701,695.18
Losses of disposal of intangible assets		
Debt restructuring losses		
Non-monetary assets exchange losses		
External donation	51,476.50	42,080.75
Inventory loss		
Fines and compensation	430,002.18	830,036.36
Others	179,095.04	1,551,550.32
Total	**854,362.11**	**3,125,362.61**

(50) Income tax expenses

Item	2021	2020
Current income tax	31,652,212.99	30,939,055.49
Deferred income tax	-548,875.96	-27,605,915.68
Total	**31,103,337.03**	**3,333,139.81**

(51) Notes of statement of cash flow

(a) Cash received relating to other operating activities

Item	2021	2020
Interest income	56,733,596.93	34,002,717.98
Subsidies received	2,395,234.78	8,903,523.87
Deposit received	25,043,001.20	44,556,182.74
Current payment	280,373,106.50	377,357,101.30
Total	**364,544,939.41**	**464,819,525.89**

(b) Cash paid relating to other operating activities

Item	2021	2020
Repayment of deposits, etc.	3,317,124.51	4,132,412.46
Administrative fees, etc.	100,037,468.60	97,231,049.20
Current payments	189,834,400.31	198,910,123.19
Total	**293,188,993.42**	**300,273,584.85**

(c) Cash rpaid relating to other investing activities

Item	2021	2020

Item	2021	2020
Other investment expenses	92,079,000.00	

(d) Cash paid relating to other financing activities

Items	2021	2020
Financing lease and others	24,337,055.92	110,489,138.53

(52) Supplementary information of statement of cash flow

(a) According to the indirect method, the net profit is adjusted to the information of operating cash flow

Supplementary information	2021	2020
1. Adjust the net profit to operating cash flow:		
Net profit	49,911,840.15	20,934,796.44
Add: credit impairment losses	8,346,514.29	
Add: Provision for asset impairment		-965,183.99
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	11,928,501.51	9,172,320.71
Amortization of intangible assets	604,607.88	394,097,624.25
Amortization of long-term prepaid expenses	5,061,018.47	11,734,192.03
Losses on disposal of fixed assets, intangible assets, and other long-term assets	-1,638.69	-16,480.17
Scrap loss of fixed assets	192,085.35	395,388.50
Losses of changes on fair value	-575,927.79	64,145.92
Financial expenses	451,754,464.44	286,321,010.68
Investment losses	-23,870,938.97	-24,176,637.52
Decrease on deferred tax asset	-50,760,218.44	-27,605,915.68
Increase on deferred tax liability	21,929,299.92	-16,036.48
Decrease on inventories	-1,174,327,663.18	-1,194,121,921.66
Decrease on operational receivables	373,632,834.45	254,875,208.58
Increase on operational payables	-60,524,264.97	310,966,506.20
Others		
Net cash flows from operating activities	-386,699,485.58	41,659,017.81
2. Significant investment and financing activities without cash		
Debt to capital		
Convertible Company bonds maturing within one year		
Financing leased fixed assets		
3.Net changes of cash and cash equivalents		

Supplementary information	2021	2020
Cash at ending balance	6,290,076,211.76	5,496,270,998.26
Less: Cash at beginning balance	5,496,270,998.26	5,897,093,155.65
Add: cash equivalents at ending balance		
Less: cash equivalents at beginning balance		
Net increase in cash and cash equivalents	793,805,213.50	-400,822,157.39

(b) Cash and cash equivalents

Items	2021.12.31	2020.12.31
1.Cash	6,290,076,211.76	5,496,270,998.26
Including: cash on hand	47,044.23	90,042.55
Bank deposits available for payment at any time.	6,290,029,167.53	5,496,180,955.71
Other monetary funds available for payment at any time.		
Deposit central bank funds available for payment		
Due from bank		
Loan trade		
2. Cash equivalents		
Including: Bonds maturing within three months		
3. Beginning balance of cash and cash equivalents	6,290,076,211.76	5,496,270,998.26
Including: Restricted cash and cash equivalents of the parent company or subsidiary of the group		

(53) Assets that are limited in ownership or use rights

Item	2021.12.31	Reason
House and building	7,081,934.93	Mortgage loan
Other monetary fund	56,000,000.00	Deposit
Total	**63,081,934.93**	

VI. RIGHTS IN OTHER ENTITIES

(1) Equity in subsidiaries

(a) Composition of the corporate group

Subsidiary name	Main place of business	Registration	Business nature	Proportion（%）		Way of acquisition
				Direct	Indirect	
Henan Chengtou Construction Engineering	Zhengzhou City	Zhengzhou City	Foundation engineering construction; earthwork engineering construction; pile foundation engineering	100		Newly established

Subsidiary name	Main place of business	Registration	Business nature	Proportion（%）		Way of acquisition
				Direct	Indirect	
Co., Ltd.			construction; precipitation slope protection engineering construction; municipal engineering construction general contracting; housing construction engineering general contracting; engineering project management; water and electricity installation; mechanical and electrical products sales; steel structure engineering; fire engineering; Decoration engineering; environmental protection engineering; landscaping engineering; building materials sales; Wujinjiaodian, wire and cable, steel sales; construction equipment leasing; engineering technology consulting; property management. Involved in licensed business projects, only after obtaining the permission of the relevant department can operate			
Henan Chengtou Chengzhu Industrial Co., Ltd.	Zhengzhou City	Zhengzhou City	Municipal public works, construction labor subcontracting, landscaping projects (the above scopes are operated with valid qualification certificates). Parking lot management. Realtor. Property management. Sign production and installation. Design, production, agency, and release of domestic advertising business. Land consolidation. Real estate brokerage. Wholesale and retail: building	100		Newly established

Subsidiary name	Main place of business	Registration	Business nature	Proportion（%）		Way of acquisition
				Direct	Indirect	
			materials, waterproof materials, thermal insulation materials, steel, metal materials, stainless steel products, cement products, wires and cables, valves, firefighting equipment, mechanical and electrical products, charging piles, complete sets of elevator equipment, three-dimensional garages, mechanical equipment, building intelligence System equipment, kitchen utensils, environmental protection equipment, rubber and plastic products, lighting appliances, instruments and meters, decorative materials, and other chemical products (except hazardous chemicals). Business management consulting.			
Zhengzhou Urban Construction Green Building Materials Co., Ltd.	Zhengzhou City	Xinzheng City	Production, sales and installation of precast concrete components; production and sales of commercial concrete; production, sales and installation of steel structures.		100	Newly established
Zhengzhou City Investment Enterprise Management Consulting Co., Ltd.	Zhengzhou City	Zhengzhou City	Enterprise management consulting, enterprise management information consulting, enterprise marketing planning, exhibition planning, conference affairs planning, etiquette planning, conference and exhibition planning, design, production, agency, release of domestic advertisements, financial information consulting,	100		Newly established

Subsidiary name	Main place of business	Registration	Business nature	Proportion（%）		Way of acquisition
				Direct	Indirect	
			economic information consulting; engineering consulting, engineering projects Information consultation; computer software technology development, computer graphic design.			
Zhengzhou Urban Construction Real Estate Co., Ltd.	Zhengzhou City	Zhengzhou City	Real estate development and sales; housing leasing.	100		Newly established
Zhengzhou Huanghe Hotel	Zhengzhou City	Zhengzhou City	Provide accommodation and reception services. Accommodation, food, daily necessities, travel and transportation, beauty salons, entertainment services, conference reception services	100		Transfer
Zhengzhou Songshan Hotel	Zhengzhou City	Zhengzhou City	Accommodation, catering, production and processing of cakes: baked products, moon cakes; retail: cigarettes, cigars. (Operating within the scope and period approved by the valid license). Photo photography, beauty salons, retail: department stores, clothing, stationery, conference services; parking lot management.	100		Transfer
Zhengzhou Dingrun Urban Construction Co., Ltd.	Zhengzhou City	Zhengzhou City	Licensed projects: real estate development and operation; various engineering construction activities; general contracting of housing construction and municipal infrastructure projects; construction labor subcontracting (for projects subject to approval according	80		Newly established

Subsidiary name	Main place of business	Registration	Business nature	Proportion（%）		Way of acquisition
				Direct	Indirect	
			to law, business activities can only be carried out after approval by relevant departments. Approval documents or licenses from relevant departments shall prevail.) General items: land consolidation services; landscaping engineering construction; building materials sales; hotel management; property management; housing leasing; non-residential real estate leasing; Outside the project, independently carry out business activities according to the law with the business license)			
Henan Urban Construction Civil and Structural Engineering Research Center Co., Ltd.	Zhengzhou City	Zhengzhou City	Engineering and technology research and test development; technical services, technology development, technology consultation, technology exchange, technology transfer, technology promotion; sales of cement products; parking lot services; electric vehicle charging infrastructure operations; centralized fast charging stations; machinery and equipment leasing ; Construction machinery and equipment leasing; Special equipment leasing (except for projects subject to approval according to law, independent business activities with business licenses) Licensed projects: production of prestressed concrete railway bridge simply supported beam	100		Newly established

Subsidiary name	Main place of business	Registration	Business nature	Proportion（%）		Way of acquisition
				Direct	Indirect	
			products; various engineering construction activities (Items that are subject to approval according to law can only carry out business activities after being approved by the relevant departments. The specific business projects are subject to the approval documents or licenses of the relevant departments)			
Henan Urban Construction Preconstruction Co., Ltd.	Zhengzhou City	Zhengzhou City	Production of precast concrete elements; sales and installation of precast concrete elements; sales of commercial concrete.		60	Newly established
Zhengzhou Chengfa Qianrun Industrial Co., Ltd.	Zhengzhou City	Zhengzhou City	Licensed projects: various engineering construction activities; real estate development and operation (projects subject to approval in accordance with the law can only carry out business activities after approval by relevant departments. The specific business projects are subject to the approval documents or licenses of relevant departments) General projects: project management services; hotel management; property management; non-residential real estate leasing; parking lot services (except for projects subject to approval according to law, business activities are carried out independently according to law with business licenses)		100	Newly established
Zhengzhou Urban Construction Development	Zhengzhou City	Zhengzhou City	Investment in municipal infrastructure and public facilities with self-owned funds (no storage, fundraising,	100		Newly established

Subsidiary name	Main place of business	Registration	Business nature	Proportion（%）		Way of acquisition
				Direct	Indirect	
Co., Ltd.			fund lending or financing operations); municipal engineering general contracting; municipal road and bridge maintenance engineering; landscaping engineering; engineering PPP project construction and operation ; Construction industrialization technical consultation and exhibition planning; construction industrialization park planning and construction; production, sales and installation of precast concrete components; construction material sales; land consolidation.			
Zhengzhou Chengfa Hengshun Real Estate Co., Ltd.	Zhengzhou City	Zhengzhou City	Real estate development and operation; land consolidation; property management services. (Involving licensed business projects, you should obtain permission from relevant departments before operating)		100	Newly established
Zhengzhou Chengfa Huantong Industrial Co., Ltd.	Zhengzhou City	Zhengzhou City	Engineering PPP project construction and operation; municipal engineering; municipal road and bridge maintenance engineering; land consolidation; parking lot services; new energy technology development; construction, operation and maintenance of new energy vehicle charging facilities; information technology consulting.		100	Newly established
Henan Chengtou Zhonghe Jianfang	Zhengzhou City	Zhengzhou City	Municipal engineering construction; real estate development and operation; real estate sales and leasing;	60		Newly established

Subsidiary name	Main place of business	Registration	Business nature	Proportion（%）		Way of acquisition
				Direct	Indirect	
Construction Co., Ltd.			regional comprehensive land development; urban infrastructure construction; landscaping engineering construction; property management; municipal road and bridge maintenance; building materials wholesale and retail; land consolidation.			
Henan Chengtou Ecological Environment Management Co., Ltd.	Zhengzhou City	Zhengzhou City	Ecological environment governance; engineering management; environmental protection engineering; highway engineering; housing construction engineering; municipal public works; pipeline engineering; landscaping engineering.	37.4		Newly established

VII. RELATED PARTIES AND RELATED TRANSCTIONS

(1) The information of parent company

Name	Address	Business nature	Registered capital	Shareholding ratio of the company (%)	Proportion of voting rights to the company (%)
Zhengzhou Real Estate Group Co., Ltd.	No. 23, Tongbai South Road, Zhongyuan District, Zhengzhou City, Henan Province	Industrial investment; first-class land development; old city transformation; infrastructure construction and management; urban asset operation management; real estate development and operation.	RMB 2 billion	100.00	100.00

The ultimate actual controller of the company is Zhengzhou State-owned Assets Supervision and Administration Commission. For details, please refer to Note I (4).

(2) Information of subsidiaries

For details of the subsidiaries of the company, please refer to Note VI (1).

(3) Other related parties

Name	Relationship between other related parties and the company
Zhengzhou City Construction Jucheng Theatre Management Co., Ltd.	Joint ventures
China Power Construction (Zhengzhou) Urban Construction Investment Management Co., Ltd.	Joint ventures
Tianjin Guangkong City Development Investment Management Partnership (Limited Partnership)	Joint ventures

(4) Related party transactions and related party balances

(a) Related transactions for the purchase and sale of goods, provision and acceptance of services

Purchase of goods / acceptance of labor

Related party	Related transaction content	2021	2020
None			

(b) Sale of goods / provision of labor services

Related party	Related transaction content	2021	2020
Zhengzhou City Construction Jucheng Theatre Management Co., Ltd.	Grand theater operation subsidy	13,188,679.25	

(c) Related guarantees

The related party guarantees that the company acts as the guaranteed:

Guarantor	Guaranteed balance	Guarantee start date	Guarantee due date	Whether the guarantee has been fulfilled
Zhengzhou Real Estate Group Co., Ltd.	800,000,000.00	2019.2.28	2022.2.28	No
Zhengzhou Real Estate Group Co., Ltd.	500,000,000.00	2020.3.20	2030.3.20	No
Zhengzhou Real Estate Group Co., Ltd.	500,000,000.00	2020.4.15	2030.4.15	No
Total	**1,800,000,000.00**			

(5) Related party accounts receivable and payable

Name	Related party	2021.12.31		2020.12.31	
		Book balance	Bad debt	Book balance	Bad debt
Account receivables	Zhengzhou City Construction Jucheng Theatre Management Co., Ltd.	1,375,000.00	13,750.00		
Advances to suppliers	Zhengzhou City Construction Jucheng Theatre Management Co., Ltd.	3,495,000.00			
Other receivables	Zhengzhou City Construction Jucheng Theatre Management Co., Ltd.	2,000,000.00	20,000.00		
Interest receivables	Zhengzhou City Construction Jucheng Theatre Management Co., Ltd.	155,555.56			
Other receivables	State-owned Assets Supervision and	200,000,000.00		200,000,000.00	4,000,000.00

Name	Related party	2021.12.31		2020.12.31	
		Book balance	Bad debt	Book balance	Bad debt
	Administrator Commission of Zhengzhou Municipal People's Government				
Subtotal		**207,025,555.56**	**33,750.00**	**200,000,000.00**	**4,000,000.00**

For subsidiaries that have a controlling relationship and have been included in the scope of the Company's consolidated financial statements, their mutual transactions and transactions between parent and subsidiary companies have been fully offset.

VIII. COMMITMENT AND CONTINGENT

(1) Important commitments

None

(2) Contingencies

The important contingent events on the balance sheet date, the contingent liabilities formed by the company providing debt guarantees to other units and their financial impact:

(a) Providing guarantees for related parties
None

(b) Provide guarantees for non-related parties.
None

(c) Mortgage as of December 31, 2021:
The company's subsidiary, Zhengzhou Huanghe Hotel, used the house and buildings as collateral to obtain long-term loans. The balance of the loan is RMB 11,970,000.00.

IX. MATTERS AFTER THE BALANCE SHEET DATE

None

X. OTHER IMPORTANT MATTERS

None

XI. NOTES ON THE MAIN ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY

(1) Accounts receivable

(a) Disclosure of accounts receivable by Age

Aging	2021.12.31	2020.12.31
Within 1 year	32,035,688.20	41,032,773.97
1 to 2 years	15,666,799.56	69,538,016.86
2 to 3 years	25,860,986.43	44,000,000.00
More than 3 years	38,000,000.00	
Subtotal	111,563,474.19	154,570,790.83
Less: Provision for bad debts	14,271,124.33	3,091,415.82
Total	**97,292,349.86**	**151,479,375.01**

(b) Accounts receivable are listed by type as follows

Types	2021.12.31				
	Carrying amount		Provision for bad debts		Book value
	Amounts	Proportion (%)	Amounts	Proportion (%)	
Accounts receivable with single provision for bad debts					
Accounts receivable with bad debt provision based on combination of credit risk characteristics	111,563,474.19	100.00	14,271,124.33	12.79	97,292,349.86
Of which: Accounts receivable for which bad debt provision is made according to aging analysis method	72,496,717.09	64.98	14,271,124.33	19.69	58,225,592.76
Accounts receivable with bad debt provision for low-risk combination	39,066,757.10	35.02			39,066,757.10
Total	**111,563,474.19**	**100.00**	**14,271,124.33**	**12.79**	**97,292,349.86**

(Continue)

Types	2020.12.31				
	Carrying amount		Provision for bad debts		Book value
	Amounts	Proportion (%)	Amounts	Proportion (%)	
Accounts receivable with single provision for bad debts					
Accounts receivable with bad debt provision	154,570,790.83	100.00	3,091,415.82	2.00	151,479,375.01

Types	2020.12.31				
	Carrying amount		Provision for bad debts		Book value
	Amounts	Proportion (%)	Amounts	Proportion (%)	
based on combination of credit risk characteristics					
Total	**154,570,790.83**	**100.00**	**3,091,415.82**	**2.00**	**151,479,375.01**

In the combination, the account receivable analysis method is used to make accounts receivable for bad debts.

Aging	2021.12.31		
	Carrying amount	Provision for bad debts	Proportion (%)
Within 1 year	3,669,021.10	36,690.21	1.00
1 to 2 years	4,966,709.56	248,335.48	5.00
2 to 3 years	25,860,986.43	2,586,098.64	10.00
More than 3 years	38,000,000.00	11,400,000.00	30.00
Total	**72,496,717.09**	**14,271,124.33**	

(c) Provision for bad debts

Types	2020.12.31	Changes in accounting policies	Amount of change in the current period			2021.12.31
			Accrual	Recovery or reversal	Elimination or write-off	
Single provision						
Combination provision	3,091,415.82	5,048,811.86	6,130,896.65			14,271,124.33
Total	**3,091,415.82**	**5,048,811.86**	**6,130,896.65**			**14,271,124.33**

Note: Other changes are caused by changes in bad debt policy.

(d) There are no accounts receivable actually written off in the current period;

(e) The accounts receivable of the top five at the end of the period collected by the debtor:

Item	2021.12.31		
	Carrying amount	Provision for bad debts	Reason for accrual
China Power Construction Eleventh Bureau Engineering Co., Ltd.	71,133,124.72	14,257,488.41	Aging combination
Henan Chengtou Construction Engineering Co., Ltd.	20,800,000.00		Low-risk combination
Zhengzhou Dingrun Urban Construction Co., Ltd.	12,366,667.10		Low-risk combination
Zhengzhou Chengfa Huantong Industrial Co., Ltd.	5,900,090.00		Low-risk combination

Item	2021.12.31		
	Carrying amount	Provision for bad debts	Reason for accrual
China Power Construction Road and Bridge Group Co., Ltd.	1,363,592.37	13,635.92	Aging combination
Total	**111,563,474.19**	**14,271,124.33**	

(f) At the end of the period, there are no accounts receivable derecognized due to the transfer of financial assets;

(g) At the end of the period, there is no amount of assets and liabilities formed by transferring accounts receivable and continuing to be involved.

(2) Other receivables

(a) List of other receivables

Item	2021.12.31	2020.12.31
Interest receivables	680,687,877.66	553,043,988.77
Dividend receivables	250,170,000.00	191,370,000.00
Other receivables	5,438,135,806.99	5,326,040,653.21
Total	**6,368,993,684.65**	**6,070,454,641.98**

(b) Interest receivables are listed

Company	2020.12.31	Increased in current period	Decreased in current period	2021.12.31	Whether the relevant amount is impaired
Zhengzhou Urban Construction Development Co., Ltd.	34,125,000.00			34,125,000.00	No
Zhengzhou Chengfa Huantong Industrial Co., Ltd.	62,605,000.00			62,605,000.00	No
Henan Chengtou Zhonghe Jianfang Construction Co., Ltd.	396,119,513.90	114,400,000.00		510,519,513.90	No
Henan Chengtou Construction Engineering Co., Ltd.	16,708,433.32	768,333.33		17,476,766.65	No
Henan Urban Construction Civil and Structural Engineering Research Center Co., Ltd.	34,117,022.22	12,000,000.00		46,117,022.22	No
Henan Chengtou Chengzhu Industrial Co., Ltd.	4,138,900.00			4,138,900.00	No
Zhengzhou Urban Construction Green Building Materials Co., Ltd.	2,136,111.11			2,136,111.11	No
Zhengzhou City Investment Enterprise Management Consulting Co., Ltd.	2,296,200.00			2,296,200.00	No

Company	2020.12.31	Increased in current period	Decreased in current period	2021.12.31	Whether the relevant amount is impaired
Zhengzhou Chengfa Qianrun Industrial Co., Ltd.	797,808.22	320,000.00		1,117,808.22	No
Zhengzhou City Construction Jucheng Theatre Management Co., Ltd.		155,555.56		155,555.56	No
Total	**553,043,988.77**	**127,643,888.89**		**680,687,877.66**	

(c) Dividend receivables are listed

Company	2020.12.31	Increased in current period	Decreased in current period	2021.12.31	Whether the relevant amount is impaired
Henan Chengtou Construction Engineering Co., Ltd.	111,000,000.00			111,000,000.00	No
Henan Chengtou Chengzhu Industrial Co., Ltd.	3,600,000.00			3,600,000.00	No
Zhengzhou Chengtou Enterprise Management Consulting Co., Ltd.	20,000,000.00			20,000,000.00	No
Henan Urban Construction Civil and Structural Engineering Research Center Co., Ltd.	5,600,000.00			5,600,000.00	No
Zhengzhou Urban Construction Development Co., Ltd.	51,170,000.00	58,800,000.00		109,970,000.00	No
Total	**191,370,000.00**	**58,800,000.00**		**250,170,000.00**	

(d) Disclosure of other receivables

(1) Disclosure by aging

Aging	2021.12.31	2021.12.31
Within 1 year	200,960,692.84	184,095,977.19
1 to 2 years	63,668,218.97	701,923,114.73
2 to 3 years	642,903,132.72	1,510,645,095.00
3 to 4 years	1,504,405,309.00	1,043,822,200.89
4 to 5 years	1,040,830,540.89	609,940,410.84
More than 5 years	1,992,588,945.61	1,384,308,561.77
Subtotal	5,445,356,840.03	5,434,735,360.42
Less: Provision for bad debts	7,221,033.04	108,694,707.21
Total	**5,438,135,806.99**	**5,326,040,653.21**

(2) Disclosure according to the nature of the payment

Nature of payment	2021.12.31	2021.12.31
Deposits etc.		
Company current payments	5,445,356,840.03	5,434,735,360.42
Subtotal	5,445,356,840.03	5,434,735,360.42
Less: Provision for bad debts	7,221,033.04	108,694,707.21
Total	**5,438,135,806.99**	**5,326,040,653.21**

(3) Classified disclosure according to the method of provision for bad debts

Bad debt provision	Stage I	Stage II	Stage III	**Total**
	ECL over the next 12 months	Lifetime ECL (no credit impairment)	Lifetime ECL (credit-impaired)	
Balance as of December 31, 2020	108,694,707.21			108,694,707.21
Other changes	-100,422,258.07			-100,422,258.07
Balance as of January 1	8,272,449.14			8,272,449.14
The book balance of other receivables on January 1, 2021 in the current period:				
--Transfer to stage II				
--Transfer to stage III				
--Reserve to stage II				
--Reserve to stage I				
Provision				
Reversal	1,051,416.10			1,051,416.10
Elimination				
Write-off				
Other changes				
Balance as of December 31, 2021	7,221,033.04	-	-	7,221,033.04

(4) Provision for bad debts

Types	2020.12.31	Amount of change in the current period				2021.12.31
		Accrual	Recovery or reversal	Elimination or write-off	Other	
Stage I	108,694,707.21		1,051,416.10		-100,422,258.07	7,221,033.04
Stage II						
Stage III						
Total	**108,694,707.21**		**1,051,416.10**		**-100,422,258.07**	**7,221,033.04**

Note: Other changes are caused by changes in bad debt policy.

(5) Other receivables with the top five ending balances collected by debtors:

Name	Nature of money	2021.12.31	Aging	Proportion to the total closing balance of other receivables (%)
Zhengzhou Finance Bureau	Current payment	1,690,294,688.32	4-5years, and more than 5 years	31.04
Zhengzhou Urban Construction Development Co., Ltd.	Current payment	1,430,000,000.00	1 - 4 years	26.26
Zhengzhou Urban Construction Development Co., Ltd.	Current payment	1,127,500,000.00	3 - 5 years	20.71
Zhengzhou Municipal Engineering Construction Center	Current payment	382,177,621.83	Within 1 year, 1-2 years, 4-5 years, and more than 5 years	7.02
Henan Urban Construction Civil and Structural Engineering Research Center Co., Ltd.	Current payment	280,400,000.00	2-3 years	5.15
Total		**4,910,372,310.15**		**90.18**

(6) There were no other receivables actually written off during the reporting period.

(7) There are no other receivables related to government grants during the reporting period.

(8) During the reporting period, there were no other receivables derecognized due to the transfer of financial assets.

(9) During the reporting period, there is no amount of assets and liabilities formed by transferring other receivables and continuing to be involved.

(3) Long-term equity investments

Items	2021.12.31		
	Book balance	Impairment provision	Book value
Investment in subsidiaries	1,141,949,706.64		1,141,949,706.64
Investment in joint ventures and cooperative enterprise	364,831,460.04		364,831,460.04
Total	**1,506,781,166.68**		**1,506,781,166.68**

(Continue)

Items	2020.12.31		
	Book balance	Impairment provision	Book value
Investment in subsidiaries	791,949,706.64		791,949,706.64
Investment in joint ventures and cooperative enterprise	360,660,510.54		360,660,510.54
Total	**1,152,610,217.18**		**1,152,610,217.18**

(a) Investment in subsidiaries

Investee	2020.12.31	Increase in the current period	Decrease in the current period	2021.12.31	Provision for impairment	Impairment reserve ending balance

Investee	2020.12.31	Increase in the current period	Decrease in the current period	2021.12.31	Provision for impairment	Impairment reserve ending balance
Henan Chengtou Construction Engineering Co., Ltd.	15,600,000.00	350,000,000.00		365,600,000.00		
Zhengzhou City Investment Enterprise Management Consulting Co., Ltd.	500,000.00			500,000.00		
Henan Chengtou Chengzhu Industrial Co., Ltd.	10,100,000.00			10,100,000.00		
Zhengzhou Urban Construction Real Estate Co., Ltd.	80,000,000.00			80,000,000.00		
Zhengzhou Yellow River Hotel	22,144,583.43			22,144,583.43		
Zhengzhou Songshan Hotel	65,305,123.21			65,305,123.21		
Zhengzhou Dingrun Urban Construction Co., Ltd.	80,000,000.00			80,000,000.00		
Henan Urban Construction Civil and Structural Engineering Research Center Co., Ltd.	85,800,000.00			85,800,000.00		
Zhengzhou Urban Construction Development Co., Ltd.	8,000,000.00			8,000,000.00		
Henan Chengtou Zhonghe Jianfang Construction Co., Ltd.	12,000,000.00			12,000,000.00		
Henan Chengtou Ecological Environment Management Co., Ltd.	412,500,000.00			412,500,000.00		
Total	**791,949,706.64**	**350,000,000.00**		**1,141,949,706.64**		

(b) Investment in joint ventures

Investee	2020.12.31	Changes in the current period			
		Additional investment	Reduce investment	Investment gains and losses recognized under the equity method	Other comprehensive income adjustment
China Power Construction (Zhengzhou) Urban Construction Investment Management Co., Ltd.	359,887,735.55			23,683,495.07	
Zhengzhou Chengjian Jucheng Theater Management Co., Ltd.	772,774.99			-772,774.99	

Investee	2020.12.31	Changes in the current period			
		Additional investment	Reduce investment	Investment gains and losses recognized under the equity method	Other comprehensive income adjustment
Total	**360,660,510.54**			**22,910,720.08**	

(Continue)

Investee	Changes in the current period				2021.12.31	Impairment reserve ending balance
	Other changes in equity	Declare cash dividends or profits	Provision for impairment	Other		
China Power Construction (Zhengzhou) Urban Construction Investment Management Co., Ltd.				-18,739,770.58	364,831,460.04	
Zhengzhou Chengjian Jucheng Theater Management Co., Ltd.						
Total				**-18,739,770.58**	**364,831,460.04**	

(4) Revenue and cost of sales

(a) Operating income

Item	2021		2020	
	Income	Cost	Income	Cost
Main business income	31,834,954.42		37,974,315.07	
Other business income	48,835,909.54	35,601,093.17	7,406,676.71	3,108,834.15
Total	**80,670,863.96**	**35,601,093.17**	**45,380,991.78**	**3,108,834.15**

(b) Main business (by product)

Name	2021		2020	
	Operating income	Operating cost	Operating income	Operating cost
Management consulting income	31,834,954.42		37,974,315.07	
Total	**31,834,954.42**		**37,974,315.07**	

(c) Main business (by region)

Region	2021		2020	
	Operating income	Operating cost	Operating income	Operating cost
Henan Province	31,834,954.42		37,974,315.07	
Outside Henan Province				

Region	2021		2020	
	Operating income	Operating cost	Operating income	Operating cost
Total	**31,834,954.42**		**37,974,315.07**	

(5) Investment income

(a) Details of investment income

Supplementary information	2021	2020
Long-term equity investment income calculated by cost method	58,800,000.00	17,000,000.00
Long-term equity investment income calculated by equity method	22,910,720.08	23,102,614.52
Disposal of investment income from long-term equity investments		
Investment income of financial assets measured at fair value through profit or loss during the holding period		
Investment income from financial assets measured at fair value through profit or loss		
Investment income from held-to-maturity investments during the holding period		
Investment income of available-for-sale financial assets during the holding period		
Investment income from disposal of available-for-sale financial assets		
After losing control, the remaining equity is re-measured at fair value		
Other		
Total	**81,710,720.08**	**40,102,614.52**

(No content on this page)

(Note: This is a free translation into English of a report issued in China and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with and is constructed in accordance with China law and professional auditing standards applicable in China. Should there be any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.)

Name of the company: Zhengzhou Urban Construction Investment Group Co., Ltd.

Legal representative:	Principal in charge of accounting:	Head of accounting department:
薛松 印森	吉俊丽	张占金
Date: April 26, 2022	Date: April 26, 2022	Date: April 26, 2022

营业执照

（副　本）(6-2)

统一社会信用代码
911100000785632412

扫描二维码登录"国家企业信用信息公示系统"了解更多登记、备案、许可、监管信息

名　　称	亚太（集团）会计师事务所（特殊普通合伙）
类　　型	特殊普通合伙企业
执行事务合伙人	赵庆军
经营范围	审查企业会计报表，出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关报告；基本建设年度财务决算审计；代理记账；会计咨询、税务咨询、管理咨询、会计培训；法律、法规规定的其他业务。（市场主体依法自主选择经营项目，开展经营活动；依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动；不得从事国家和本市产业政策禁止和限制类项目的经营活动。）
成立日期	2013年09月02日
合伙期限	2013年09月02日 至 长期
主要经营场所	北京市丰台区丽泽路16号院3号楼20层2001

登记机关

2021 年 12 月 20 日

国家企业信用信息公示系统网址：http://www.gsxt.gov.cn

市场主体应当于每年1月1日至6月30日通过国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制

证书序号：0014468

会计师事务所
执业证书

名　　　称：亚太（集团）会计师事务所（特殊普通合伙）

首席合伙人：赵庆军

主任会计师：

经 营 场 所：北京市丰台区丽泽路16号院3号楼20层2001

组 织 形 式：特殊普通合伙

执业证书编号：11010075

批准执业文号：京财会许可[2013]0052号

批准执业日期：2013年08月09日

说　明

1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。

2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。

3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。

4、会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。

发证机关：北京市财政局

二〇二〇年十一月十二日

中华人民共和国财政部制

中华人民共和国财政部
Ministry of Finance of the People's Republic of China
会计司

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从事证券服务业务会计师事务所备案名单及基本信息

（截至 2020 年 10 月 10 日）

从事证券服务业务会计师事务所备案名单

序号	会计师事务所名称	统一社会信用代码	执业证书编号	备案公告日期
1	安永华明会计师事务所（特殊普通合伙）	91110000051421390A	11000243	2020-11-02
2	北京国富会计师事务所（特殊普通合伙）	91110108MA007YBQ0G	11010274	2020-11-02
3	北京兴华会计师事务所（特殊普通合伙）	911101020855463270	11000010	2020-11-02
4	毕马威华振会计师事务所（特殊普通合伙）	91110000599649382G	11000241	2020-11-02
5	大华会计师事务所（特殊普通合伙）	91110108590676050Q	11010148	2020-11-02
6	大信会计师事务所（特殊普通合伙）	91110108590611484C	11010141	2020-11-02
7	德勤华永会计师事务所（特殊普通合伙）	9131000005587870XB	31000012	2020-11-02
8	公证天业会计师事务所（特殊普通合伙）	91320200078269333C	32020028	2020-11-02
9	广东正中珠江会计师事务所（特殊普通合伙）	914401010827260072	44010079	2020-11-02
10	广东中职信会计师事务所（特殊普通合伙）	91440101MA9UN3YT81	44010157	2020-11-02
11	和信会计师事务所（特殊普通合伙）	913701000611889323	37010001	2020-11-02
12	华兴会计师事务所（特殊普通合伙）	91350100084343026U	35010001	2020-11-02
13	利安达会计师事务所（特殊普通合伙）	911101050805090096	11000154	2020-11-02
14	立信会计师事务所（特殊普通合伙）	91310101568093764U	31000006	2020-11-02
15	立信中联会计师事务所（特殊普通合伙）	911201160796417077	12010023	2020-11-02
16	鹏盛会计师事务所（特殊普通合伙）	91440300770329160G	47470029	2020-11-02
17	普华永道中天会计师事务所（特殊普通合伙）	913100000609134343	31000007	2020-11-02
18	容诚会计师事务所（特殊普通合伙）	911101020854927874	11010032	2020-11-02
19	瑞华会计师事务所（特殊普通合伙）	9111010856949923XD	11010130	2020-11-02
20	上会会计师事务所（特殊普通合伙）	91310106086242261L	31000008	2020-11-02
21	深圳堂堂会计师事务所（普通合伙）	91440300770332722R	47470034	2020-11-02
22	四川华信（集团）会计师事务所（特殊普通合伙）	915105000833914 72Y	51010003	2020-11-02
23	苏亚金诚会计师事务所（特殊普通合伙）	91320000085046285W	32000026	2020-11-02
24	唐山市新正会计师事务所（普通合伙）	911302035795687109	13020011	2020-11-02
25	天衡会计师事务所（特殊普通合伙）	913200000831585821	32000010	2020-11-02
26	天健会计师事务所（特殊普通合伙）	913300005793421213	33000001	2020-11-02

从事证券服务业务会计师事务所备案名单

序号	会计师事务所名称	统一社会信用代码	执业证书编号	备案公告日期
27	天圆全会计师事务所（特殊普通合伙）	911101080896649376	11000374	2020-11-02
28	天职国际会计师事务所（特殊普通合伙）	911101085923425568	11010150	2020-11-02
29	希格玛会计师事务所（特殊普通合伙）	9161013607340169X2	61010047	2020-11-02
30	信永中和会计师事务所（特殊普通合伙）	91110101592354581W	11010136	2020-11-02
31	亚太（集团）会计师事务所（特殊普通合伙）	911100000785632412	11010075	2020-11-02
32	永拓会计师事务所（特殊普通合伙）	91110105085458861W	11000102	2020-11-02
33	尤尼泰振青会计师事务所（特殊普通合伙）	91370200MA3TGAB979	37020009	2020-11-02
34	致同会计师事务所（特殊普通合伙）	91110105592343655N	11010156	2020-11-02
35	中汇会计师事务所（特殊普通合伙）	91330000087374063A	33000014	2020-11-02
36	中勤万信会计师事务所（特殊普通合伙）	91110102089698790Q	11000162	2020-11-02
37	中审华会计师事务所（特殊普通合伙）	911201166688390414	12010011	2020-11-02
38	中审亚太会计师事务所（特殊普通合伙）	91110108061301173Y	11010170	2020-11-02
39	中审众环会计师事务所（特殊普通合伙）	91420106081978608B	42010005	2020-11-02
40	中天运会计师事务所（特殊普通合伙）	91110102089661664J	11000204	2020-11-02
41	中喜会计师事务所（特殊普通合伙）	9111010108553078XF	11000168	2020-11-02
42	中兴财光华会计师事务所（特殊普通合伙）	9111010208376569XD	11010205	2020-11-02
43	中兴华会计师事务所（特殊普通合伙）	91110102082881146K	11000167	2020-11-02
44	中证天通会计师事务所（特殊普通合伙）	91110108089662085K	11000267	2020-11-02
45	中准会计师事务所（特殊普通合伙）	91110108082889906D	11000170	2020-11-02
46	众华会计师事务所（特殊普通合伙）	91310114084119251J	31000003	2020-11-02

注：本表信息根据会计师事务所首次备案材料生成，行政机关仅对备案材料完备性进行形式审核，会计师事务所对相关信息的真实、准确、完整负责；为会计师事务所从事证券服务业务备案，不代表对其执业能力的认可。

按照会计师事务所名称首字母排序，排名不分先后。

已备案会计师事务所基本信息、注册会计师基本信息、近三年行政处罚信息详见附件。

附件下载：

从事证券服务业务会计师事务所备案名单及基本信息(截至2020年10月10日）.xls

发布日期：2020年11月03日

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姓名 Full name：王松超

性别 Sex：男

出生日期 Date of birth：1977-03-24

工作单位 Working unit：亚太（集团）会计师事务所（特殊普通合伙）河南分所

身份证号码 Identity card No.：41112319770335[illegible]

亚太（集团）会计师事务所（特殊普通合伙）
1101020430704

年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

年 /y 月 /m 日 /d

证书编号：
No. of Certificate　　410000012306

批准注册协会：
Authorized Institute of CPAs　　河南省注册会计师协会

发证日期：
Date of Issuance　　2008年 /y　12月 /m　03日 /d

4

5

姓名 Full name 罗聪

性别 Sex 女

出生日期 Date of birth 1989-03-22

工作单位 Working unit 亚太（集团）会计师事务所（特殊普通合伙）河南分所

身份证号码 Identity card No. 410108198903220047

年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

年 /y 月 /m 日 /d

证书编号： 110100754974
No. of Certificate

批准注册协会： 河南省注册会计师协会
Authorized Institute of CPAs

发证日期： 2016 年 /y 05 月 /m 17 日 /d
Date of Issuance

Auditor's Report of
Zhengzhou Urban Construction Investment Group Co., Ltd.

AP Shen Zi (2021) No. 01220045

Asia Pacific (Group) CPAs (special general partnership)

April 26, 2021

Asia Pacific (Group) CPAs (special general partnership)

Address: 6/Tower A, Xingye Building, No. 22, Nongye Road, Zhengzhou, Henan Province

E-mail: ythnfs037165336699 @126.com

Tel: 0371—65336699 65336565

Fax: 0371—65336699

Auditor's Report

APA Shen Zi (2021) No. 01220045

To Zhengzhou Urban Construction Investment Group Co., Ltd.,

I. Auditor's Opinion

We have audited the accompanying financial statements of Zhengzhou Urban Construction Investment Group Co., Ltd. which comprise the consolidated and company balance sheets as at December 31, 2020, and the consolidated and company income statements, the consolidated and company cash flow statements, the consolidated and company statements of changes in owners' equity, and the notes to the financial statements for the year ended December 31, 2020.

In our opinion, the accompanying financial statements present fairly, the consolidated and company's financial position of Zhengzhou Urban Construction Investment Group Co., Ltd. as at December 31, 2020, and their financial performance and cash flows for the year then ended December 31, 2020, in all material respects, in accordance with the requirements of Accounting Standards for Business Enterprises ("CASs").

II. Forming the Basis of the Auditor's Opinion

We conducted our audit in accordance with the China Registered Accountants Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Other information

Management of Zhengzhou Urban Construction Investment Group Co., Ltd. (hereinafter referred to as management) is responsible for the other information. Other information includes the information covered in the annual report, but does not include the financial statements and our audit report.

Our audit opinions on the financial statements do not cover other information, and we do not issue any form of verification conclusions on other information.

In conjunction with our audit of the financial statements, our responsibility is to read other information. In this process, consider whether the other information is materially inconsistent with the financial statements or what we have learned during the audit process or there seems to be a material misstatement.

Based on the work we have performed, if we determine that there is a material misstatement of other information, we should report that fact. In this regard, we have nothing to report.

IV. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management of Zhengzhou Urban Construction Investment Group Co., Ltd. (hereinafter referred to as management) is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of CASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going-concern basis of accounting unless management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

V. Auditor's Responsibility for Auditing Financial Statements

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China Registered Accountants Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with China Registered Accountants Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

i. Identifying and assessing risk of material misstatement of financial statements due to fraud or errors, designing and implementing audit procedures responsive to these risks, and obtaining adequate and appropriate audit evidence as a basis for issuing audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

ii. Obtaining an understand of the internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but the purpose is not to express opinions on the effectiveness of internal control.

iii. Evaluating the appropriateness of accounting policies adopted by the management and the reasonableness of accounting estimates and related disclosures;

iv. Concluding on the appropriateness of management's use of going-concern assumption of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if the disclosure is not sufficient, we should publish non-unqualified opinions. Our conclusions are based on the information available as of the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

v. Evaluating the overall presentation, structure, and content (including disclosure) of the financial statements, and whether the financial as a going concern.

v. Evaluating the overall presentation, structure, and content (including disclosure) of the financial statements, and whether the financial statements represent the transactions and events in a manner that achieves fair presentation.

vi. Obtaining sufficient and appropriate audit evidence on the financial information of entities or business activities of the company to express an audit opinion on the financial statements. We are responsible for directing, supervising and performing group audits, and assume full responsibility for the audit opinions.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Asia Pacific (Group) CPAs (special general partnership)

CPA of China:

Xiaohe Jia

Beijing, the People's Republic of China

CPA of China:

Cong Luo

April 26, 2021

Zhengzhou Urban Construction Investment Group Co., Ltd.

CONSOLIDATED BALANCE SHEETS AS AT DECEMBER 31, 2020

(All amounts in RMB'0 Yuan unless otherwise stated)

ASSETS	Note five	December 31, 2020 Consolidated	December 31, 2019 Consolidated
Current assets			
Cash at bank and on hand	1	5,552,270,998.26	5,909,824,955.65
Financial assets that are measured at fair value and change into the current profit and loss			
Derivative financial assets			
Notes receivable	2		906,708.00
Accounts receivable	3	553,489,343.49	601,619,397.55
Advances to suppliers	4	418,901,103.40	918,155,400.09
Other receivables	5	2,400,706,906.61	2,398,411,265.52
Inventories	6	12,039,771,395.77	10,845,649,474.11
Divided into assets held for sale			
Non-current assets that are due within one year			
Other current assets	7	493,513,126.67	329,701,974.72
Total current assets		21,458,652,874.20	21,004,269,175.64
Non-current assets			
Issue entrusted loans and advances			
Available-for-sale financial assets	8	9,360,000.00	2,360,000.00
Held-to-maturity investments			
Long-term receivables	9	2,825,370,520.50	1,303,766,489.07
Long-term equity investments	10	361,604,930.77	337,999,441.25
Investment properties	11	71,466,571.08	71,530,717.00
Fixed assets	12	101,179,302.55	113,398,950.62
Construction in progress	13	37,890,526.95	24,242,775.32
Productive biological assets			
Oil and gas assets			
Intangible assets	14	4,353,737,457.85	4,747,745,598.10
Development costs			
Goodwill			
Long-term prepaid expenses	15	14,846,248.69	14,375,269.69
Deferred tax assets	16	139,646,939.34	112,033,502.53
Other non-current assets	17	14,717,876,635.70	14,590,496,418.25
Total non-current assets		22,632,979,133.43	21,317,949,161.83
TOTAL ASSETS		44,091,632,007.63	42,322,218,337.47

Legal representative: 森薛印松 4101021698652　Principal in charge of accounting: 吉俊丽　Head of accounting department: 张占金

The accompanying notes form an integral part of these financial statements.

Zhengzhou Urban Construction Investment Group Co., Ltd.

CONSOLIDATED BALANCE SHEETS AS AT DECEMBER 31, 2020

(All amounts in RMB'0 Yuan unless otherwise stated)

LIABILITIES AND OWNERS' EQUITY	Note five	December 31, 2020 Consolidated	December 31, 2019 Consolidated
Current liabilities			
Short-term borrowings	18	130,800,000.00	10,800,000.00
'Financial liabilities which are measured at fair value and their changes are included in the current profits and losses			
Derivative financial liabilities			
Notes payable			
Accounts payable	19	1,022,019,840.25	1,251,343,209.28
Advances from customers	20	46,661,292.81	15,842,805.44
Payroll payable	21	4,535,209.20	3,756,114.64
Taxes payable	22	30,984,797.85	17,847,048.35
Other payables	23	723,956,292.13	619,089,268.74
Of which: Interests payable		172,798,738.57	129,046,354.87
Dividends payable			
Divided into liabilities for sale			
Non-current liabilities due within one year	24	3,381,460,302.52	3,414,622,002.20
Other current liabilities			
Total current liabilities		5,340,417,734.76	5,333,300,448.65
Non-current liabilities			
Long-term borrowings	25	11,644,459,217.98	12,480,259,520.50
Bonds payable	26	8,626,493,614.80	6,058,993,154.97
Including: Preference shares			
Perpetual capital securities			
Long-term payables			
Long-term employee benefits payable			
Anticipation liabilities			
Deferred Income	27	2,289,216.95	1,365,426.09
Deferred tax liabilities	16	275,361.65	291,398.13
Other non-current liabilities			
Total non-current liabilities		20,273,517,411.38	18,540,909,499.69
Total liabilities		25,613,935,146.14	23,874,209,948.34
Owners' equity			
Paid-in capital	28	1,000,000,000.00	1,000,000,000.00
Other equity instruments			
Including: Preference shares			
Perpetual capital securities			
Capital reserve	29	15,220,250,516.17	15,220,250,516.17
Less:treasury stock			
Other comprehensive benefits			
Surplus reserve	30	170,256,857.34	169,076,559.98
Undistributed profits	31	1,675,576,541.64	1,658,279,496.32
Total equity attributable to equity		18,066,083,915.15	18,047,606,572.47
Minority shareholders' equity		411,612,946.34	400,401,816.66
Total owners' equity		18,477,696,861.49	18,448,008,389.13
TOTAL LIABILITIES AND OWNERS' EQUITY		44,091,632,007.63	42,322,218,337.47

Legal representative: 薛森印 4101021698652 Principal in charge of accounting: 吉俊丽 Head of accounting department: 张占金

The accompanying notes form an integral part of these financial statements.

Zhengzhou Urban Construction Investment Group Co., Ltd.

CONSOLIDATED INCOME STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020
(All amounts in RMB'0 Yuan unless otherwise stated)

Item	Note five	2020 CONSOLIDATED	2019 CONSOLIDATED
Total revenue		1,148,238,316.69	1,226,745,507.33
Of which: Operating income	32	1,148,238,316.69	1,226,745,507.33
Interest income			
Earned premium			
Fee and commission income			
Less:Total cost		1,148,044,916.63	1,222,806,078.23
Of which: Cost of sales	32	733,863,685.12	726,835,180.00
Taxes and surcharges	33	8,829,895.02	9,594,691.79
Selling expenses	34	51,162,901.50	79,330,833.52
Administration expenses	35	89,336,694.77	100,036,824.21
Research and development expens			
Financial expenses	36	264,851,740.22	307,008,548.71
of which: Interest espense		286,321,010.68	322,557,966.87
Interest income		34,002,717.98	22,251,258.84
Add: Other income	37	7,059,260.56	478,375.29
Investment income	38	24,176,637.52	36,720,902.41
of which: Investment income of joint ventures		23,105,489.52	34,964,316.41
Gains and losses from changes in fair value	39	-64,145.92	-2,134,662.00
Impairment loss	40	935,099.47	-4,893,243.06
Asset disposal income	41	16,480.17	380.58
Exchange gains			
Operating profit		32,316,731.86	34,111,182.32
Add: Non-operating income	42	5,495,908.27	4,399,107.52
Less: Non-operating expenses	43	1,664,961.99	444,205.52
Total profit		36,147,678.14	38,066,084.32
Less: Income tax expenses	44	1,921,805.78	-3,996,626.60
Net profit		34,225,872.36	42,062,710.92
(1) Classified by operating continuity:			
Continuing net profit		34,225,872.36	42,062,710.92
Discontinued operating net profit			
(2) Classified by ownership:			
Net profit attributable to the owner of the parent company		23,014,742.68	33,764,739.52
Minority interest		11,211,129.68	8,297,971.40
Other comprehensive income			
Net after-tax net of other comprehensive income attributable to the parent company owner			
(1) Other comprehensive income that cannot be reclassified into profit or loss in the future			
of which: 1. Re-measure the change in the defined benefit plan			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
(2) Other comprehensive income that will be reclassified into profit or loss in the future			
of which: 1. Other comprehensive income of convertible profit and loss under the equity method			
2. Gains and losses from changes in fair value of available-for-sale financial assets			
3. Held-to-maturity investments are reclassified as gains and losses on available-for-sale financial assets			
4. Gains and losses from 5he effective part of the cash flow hedge			
5. Foreign currency financial statement translation difference			
6. Other			
Net after-tax net of other comprehensive income attributable to minority shareholders			
Total comprehensive income		34,225,872.36	42,062,710.92
Total comprehensive income attributable to the owner of the parent company		23,014,742.68	33,764,739.52
Total comprehensive income attributable to minority shareholders		11,211,129.68	8,297,971.40
Earnings per share			
(1) Basic earnings per share			
(2) Diluted earnings per share			

Legal representative: 薛森 印松 4101021698652 Principal in charge of accounting: 吉俊丽 Head of accounting department: 张占金

The accompanying notes form an integral part of these financial statements.

7

Zhengzhou Urban Construction Investment Group Co., Ltd.

CONSOLIDATED CASH FLOW STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(All amounts in RMB'0 Yuan unless otherwise stated)

Item	Note five	2020 CONSOLIDATED	2019 CONSOLIDATED
Cash flows from operating activities			
Cash received from sales of goods or rendering of services		1,193,525,591.06	836,334,392.13
Refund of taxes and surcharges		4,831,308.34	
Cash received relating to other operating activities	45	464,819,525.89	335,387,639.94
Sub-total of cash inflows		**1,663,176,425.29**	**1,171,722,032.07**
Cash paid for goods and services		1,117,906,969.31	1,838,649,632.63
Cash paid to and on behalf of employees		118,247,674.41	142,357,838.54
Payments of taxes and surcharges		85,089,178.91	65,729,109.17
Cash paid relating to other operating activities	45	300,273,584.85	221,278,012.75
Sub-total of cash outflows		**1,621,517,407.48**	**2,268,014,593.09**
Net cash flows from operating activities		41,659,017.81	-1,096,292,561.02
Cash flows from investing activities			
Cash received from investments		10,000,000.00	10,000,000.00
Cash received from investment gains		-	1,506,586.00
Cash recovered from disposal of fixed assets, intangible assets and other long-term assets		991,390.84	1,000.00
Cash received from subsidiaries and other business			
Cash received relating to other investing activities	45	-	250,000.00
Sub-total of cash inflows		**10,991,390.84**	**11,757,586.00**
Cash paid to acquire fixed assets, intangible assets and other long-term assets		1,143,831,540.82	2,094,120,835.19
Cash paid to acquire investments		17,500,000.00	11,000,000.00
Cash paid relating to other investing activities			
Sub-total of cash outflows		**1,161,331,540.82**	**2,105,120,835.19**
Net cash flows from investing activities		-1,150,340,149.98	-2,093,363,249.19
Cash flows from financing activities			
Cash received from capital contributions		-	237,500,000.00
Including: Cash received from capital contributions by minority shareholders of subsidiaries		-	237,500,000.00
Cash received from borrowings		6,066,140,000.00	8,595,090,000.00
Cash received relating to other financing activities		5,000,000.00	
Sub-total of cash inflows		**6,071,140,000.00**	**8,832,590,000.00**
Cash repayments of borrowings		4,033,803,511.62	2,713,615,467.88
Cash payments for interest expenses and distribution of dividends or profits		1,218,988,375.07	1,016,466,494.30
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries			
Cash payments relating to other financing activities	45	110,489,138.53	60,461,286.43
Sub-total of cash outflows		**5,363,281,025.22**	**3,790,543,248.61**
Net cash flows from financing activities		707,858,974.78	5,042,046,751.39
Effect of foreign exchange rate changes on cash and cash equivalents			
Net increase in cash and cash equivalents		-400,822,157.39	1,852,390,941.18
Add: Cash and cash equivalents at beginning of year		5,897,093,155.65	4,044,702,214.47
Cash and cash equivalent at end of year		5,496,270,998.26	5,897,093,155.65

Legal representative: 森薛印松 4101021690652

Principal in charge of accounting: 吉俊丽

Head of accounting department: 张占金

The accompanying notes form an integral part of these financial statements.

Zhengzhou Urban Construction Investment Group Co., Ltd.

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY FOR THE YEAR ENDED DECEMBEI

(All amounts in RMB'0 Yuan unless otherwise stated)

Item	Attributable to equity holders of the Company								Minority interest	Total owners' equity
	Paid-in capital	Capital reserves	Less:Treasury Stock	Other comprehensive income	Special reserves	Surplus reserves	General risk preparation	Undistributed profits		
Balance at December 31, 2019	1,000,000,000.00	15,220,250,516.17				169,076,559.98		1,659,818,291.53	400,746,838.92	18,449,892,206.60
Add: Changes in accounting policies										
Corrections of prior period errors								-1,538,795.21	-345,022.26	-1,883,817.47
Other										
Balance at January 1, 2020	1,000,000,000.00	15,220,250,516.17				169,076,559.98		1,658,279,496.32	400,401,816.66	18,448,008,389.13
Movements for the year ended December 31, 2020						1,180,297.36		17,297,045.32	11,211,129.68	29,688,472.36
(1)Total comprehensive income								23,014,742.68	11,211,129.68	34,225,872.36
(2)Capital contribution and withdrawal by owners										
1.Capital contribution by owners										
2.Holders of other equity instruments invested capital										
3.The amount of share-based payment recorded in owner's equity										
4.Others										
(3)Profit distribution						1,180,297.36		-5,717,697.36		-4,537,400.00
1.Extract surplus reserve						1,180,297.36		-1,180,297.36		
2. Extract general risk preparation										
3. Distribution to the owner (or shareholder)								-4,537,400.00		-4,537,400.00
4.Others										
(4)Transfer within owners' equity										
1.Transfer from capital surplus to paid-in capital										
2.Transfer from surplus reserves to paid-in capital										
3.Surplus reserves used to offset accumulated losses										
4.Carryover the changes in net debt or net assets from remeasurement benefit plans										
5.Others										
(5)Special reserve										
1. Current extraction										
2. Current use										
(6)Other										
Balance at December 31, 2020	1,000,000,000.00	15,220,250,516.17				170,256,857.34		1,675,576,541.64	411,612,946.34	18,477,696,861.49

Legal representative: 森薛印松 4101021698652

Principal in charge of accounting: 吉俊丽

Head of accounting department: 张占金

The accompanying notes form an integral part of these financial statements.

Zhengzhou Urban Construction Investment Group Co., Ltd.

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY FOR THE YEAR ENDED DECEMBEI

(All amounts in RMB'0 Yuan unless otherwise stated)

Item	Attributable to equity holders of the Company								Minority interest	Total owners' equity
	Paid-in capital	Capital reserves	Less:Treasury Stock	Other comprehensive income	Special reserves	Surplus reserves	General risk preparation	Undistributed profits		
Balance at December 31, 2018	1,000,000,000.00	15,220,250,516.17				167,654,059.23		1,632,291,957.86	152,093,671.81	18,172,290,205.07
Add: Changes in accounting policies										
Corrections of prior period errors										
Other								3,525,799.69	2,510,173.45	6,035,973.14
Balance at January 1, 2019	1,000,000,000.00	15,220,250,516.17				167,654,059.23		1,635,817,757.55	154,603,845.26	18,178,326,178.21
Movements for the year ended December 31, 2019										
(1)Total comprehensive income						1,422,500.75		22,461,738.77	245,797,971.40	269,682,210.92
(2)Capital contribution and withdrawal by owners								33,764,739.52	8,297,971.40	42,062,710.92
1.Capital contribution by owners									237,500,000.00	237,500,000.00
2.Holders of other equity instruments invested capital									237,500,000.00	237,500,000.00
3.The amount of share-based payment recorded in owner's equity										
4.Others										
(3)Profit distribution						1,422,500.75		-11,303,000.75		-9,880,500.00
1.Extract surplus reserve						1,422,500.75		-1,422,500.75		
2. Extract general risk preparation										
3. Distribution to the owner (or shareholder)										
4.Others								-9,880,500.00		-9,880,500.00
(4)Transfer within owners' equity										
1.Transfer from capital surplus to paid-in capital										
2.Transfer from surplus reserves to paid-in capital										
3.Surplus reserves used to offset accumulated losses										
4.Carryover the changes in net debt or net assets from remeasurement benefit plans										
5.Others										
(5)Special reserve										
1. Current extraction										
2. Current use										
(6)Other										
Balance at December 31, 2019	1,000,000,000.00	15,220,250,516.17				169,076,559.98		1,658,279,496.32	400,401,816.66	18,448,008,389.13

Legal representative: 森薛印松 4101021698652

Principal in charge of accounting: 吉俊丽

Head of accounting department: 张占金

The accompanying notes form an integral part of these financial statements.

Zhengzhou Urban Construction Investment Group Co., Ltd.

COMPANY BALANCE SHEETS AS AT DECEMBER 31, 2020

(All amounts in RMB'0 Yuan unless otherwise stated)

ASSETS	Note 11	December 31, 2020 Company	December 31, 2019 Company
Current assets			
Cash at bank and on hand		3,516,861,781.78	3,609,024,129.06
Financial assets measured at fair value through profit or loss			
Derivative financial assets			
Notes receivable			
Accounts receivable	1	151,479,375.01	111,267,256.52
Advances to suppliers		42,410,286.71	61,228,006.14
Other receivables	2	6,070,454,641.98	5,831,857,303.71
Of which: Interests receivable		553,043,988.77	391,282,322.09
Dividends receivable		191,370,000.00	174,370,000.00
Inventories		8,715,750,715.69	7,794,576,981.80
Assets held for sale			
Current portion of non-current assets			
Other current assets		207,327,245.12	183,157,626.94
Total current assets		18,704,284,046.29	17,591,111,304.17
Non-current assets			
Available-for-sale financial assets		8,000,000.00	1,000,000.00
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	3	1,152,610,217.18	1,129,007,602.66
Investment properties			
Fixed assets		356,457.10	351,299.44
Construction in progress			
Productive biological assets			
Oil and gas assets			
Intangible assets			
Development costs			
Goodwill			
Long-term prepaid expenses			
Deferred tax assets		84,991,430.52	75,558,216.89
Other non-current assets		14,719,670,730.18	14,590,496,418.25
Total non-current assets		15,965,628,834.98	15,796,413,537.24
TOTAL ASSETS		34,669,912,881.27	33,387,524,841.41

Legal representative: 森薛印松 4101021698652

Principal in charge of accounting: 吉俊丽

Head of accounting department: 张占金

The accompanying notes form an integral part of these financial statements.

Zhengzhou Urban Construction Investment Group Co., Ltd.

COMPANY BALANCE SHEETS AS AT DECEMBER 31, 2020
(All amounts in RMB'0 Yuan unless otherwise stated)

LIABILITIES AND OWNERS' EQUITY	Note 11	December 31, 2020 Company	December 31, 2019 Company
Current liabilities			
Short-term borrowings		50,000,000.00	
Financial liabilities held for trading			
Notes payable			
Accounts payable		151,850,387.95	377,895,370.80
Advances from customers			1,451,943.91
Payroll payables		2,128,969.02	1,778,554.74
Taxes payable		118,864.22	61,263.32
Other payables		530,743,640.24	491,252,915.07
Of which: Interests payable		167,741,820.79	124,118,588.73
Dividends payable			
Non-current liabilities due within one year		2,452,731,602.52	2,740,346,152.20
Other current liabilities			
Total current liabilities		3,187,573,463.95	3,612,786,200.04
Non-current liabilities			
Long-term borrowings		4,945,429,767.98	5,814,361,370.50
Bonds payable		8,626,493,614.80	6,058,993,154.97
including: Preference shares			
Perpetual capital securities			
Long-term payables			
Long-term employee benefits payable			
Anticipation liabilities			
Deferred Income		2,096,345.00	330,000.00
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		13,574,019,727.78	11,873,684,525.47
Total liabilities		16,761,593,191.73	15,486,470,725.51
Owners' equity			
Paid-in capital		1,000,000,000.00	1,000,000,000.00
Capital reserves		15,220,169,016.17	15,220,169,016.17
Less:treasury stock			
Specials reserves			
Surplus reserves		170,256,857.34	169,076,559.98
Undistributed profits		1,517,893,816.03	1,511,808,539.75
Total owners' equity		17,908,319,689.54	17,901,054,115.90
TOTAL LIABILITIES AND OWNERS' EQUITY		34,669,912,881.27	33,387,524,841.41

Legal representative: 薛森 印松 4101021698652

Principal in charge of accounting: 吉俊丽

Head of accounting department: 张占金

The accompanying notes form an integral part of these financial statements.

Zhengzhou Urban Construction Investment Group Co., Ltd.

COMPANY INCOME STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(All amounts in RMB'0 Yuan unless otherwise stated)

Item	Note 11	2020 COMPANY	2019 COMPANY
Revenue	4	45,380,991.78	66,620,547.94
Less: Cost of sales	4	3,108,834.15	381,912.46
Taxes and surcharges		174,909.68	201,789.42
Selling expenses			
Administrative expenses		24,768,298.83	27,285,416.37
Research and development expens			
Financial expenses		56,625,954.79	58,376,672.30
of which: Interest espense		77,682,529.76	68,117,156.49
Interest income		29,202,601.49	16,145,915.82
Add: Other income			
Investment income	5	40,102,614.52	35,252,771.18
of which: Investment income of joint ventures		23,102,614.52	35,002,771.18
Gains and losses from changes in fair value			
Impairment loss		-2,041,791.64	-11,911,458.64
Asset disposal income			
Exchange gains			
Operating profit		-1,236,182.79	3,716,069.93
Add: Non-operating income		3,652,823.55	3,540,200.11
Less: Non-operating expenses		46,880.75	40,517.06
Total profit		2,369,760.01	7,215,752.98
Less: Income tax expenses		-9,433,213.63	-7,009,254.54
Net profit		11,802,973.64	14,225,007.52
Continuing net profit		11,802,973.64	14,225,007.52
Termination of operating net profit			
Other comprehensive income			
Other comprehensive income attributable to the parent company owner			
(1) Other comprehensive income that cannot be reclassified into profit or loss in the future			
of which: 1. Re-measure the change in the defined benefit plan			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
(2) Other comprehensive income that will be reclassified into profit or loss in the future			
of which: 1. Other comprehensive income of convertible profit and loss under the equity method			
2. Gains and losses from changes in fair value of available-for-sale financial assets			
3. Held-to-maturity investments are reclassified as gains and losses on available-for-sale financial assets			
4. Gains and losses from 5he effective part of the cash flow hedge			
5. Foreign currency financial statement translation difference			
6. Other			
Net after-tax net of other comprehensive income attributable to minority shareholders			
Total comprehensive income		11,802,973.64	14,225,007.52
Earning per share			
Primary earnings per share			
Diluted earnings per share			

Legal representative: 森薛印松 4101021698652 Principal in charge of accounting: 吉俊丽 Head of accounting department: 张占金

The accompanying notes form an integral part of these financial statements.

Zhengzhou Urban Construction Investment Group Co., Ltd.

COMPANY CASH FLOW STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020
(All amounts in RMB'0 Yuan unless otherwise stated)

Item	Note 11	2020 COMPANY	2019 COMPANY
Cash flows from operating activities			
Cash received from sales of goods or rendering of services		6,289,164.25	2,483,784.53
Refund of taxes and surcharges			
Cash received relating to other operating activities		176,532,788.15	1,056,292,121.67
Sub-total of cash inflows		**182,821,952.40**	**1,058,775,906.20**
Cash paid for goods and services		708,000,115.37	1,063,997,823.54
Cash paid to and on behalf of employees		16,162,785.17	21,945,855.02
Payments of taxes and surcharges		178,628.12	206,789.42
Cash paid relating to other operating activities		225,488,274.35	1,587,643,847.70
Sub-total of cash outflows		**949,829,803.01**	**2,673,794,315.68**
Net cash flows from operating activities		-767,007,850.61	-1,615,018,409.48
Cash flows from investing activities			
Cash received from investments		10,000,000.00	10,000,000.00
Cash received from investment gains			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		160,817.48	
Net cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities			250,000.00
Sub-total of cash inflows		**10,160,817.48**	**10,250,000.00**
Cash paid to acquire fixed assets, intangible assets and other long-term assets		120,195,045.57	151,317.06
Cash paid to acquire investments		17,500,000.00	313,500,000.00
Net cash paid to acquire subsidiaries and other business units			
Cash paid relating to other investing activities			
Sub-total of cash outflows		**137,695,045.57**	**313,651,317.06**
Net cash flows from investing activities		-127,534,228.09	-303,401,317.06
Cash flows from financing activities			
Cash received from capital contributions			
Cash received from borrowings		5,056,140,000.00	6,472,490,000.00
Cash received relating to other financing activities			
Sub-total of cash inflows		**5,056,140,000.00**	**6,472,490,000.00**
Cash repayments of borrowings		3,381,387,661.62	2,081,310,967.88
Cash payments for interest expenses and distribution of dividends or profits		821,263,468.43	653,789,648.24
Cash payments relating to other financing activities		51,109,138.53	54,461,286.43
Sub-total of cash outflows		**4,253,760,268.58**	**2,789,561,902.55**
Net cash flows from financing activities		802,379,731.42	3,682,928,097.45
Effect of foreign exchange rate changes on cash and cash equivalents			
Net increase in cash and cash equivalents		-92,162,347.28	1,764,508,370.91
Add: Cash and cash equivalents at beginning of year		3,609,024,129.06	1,844,515,758.15
Cash and cash equivalent at end of year		3,516,861,781.78	3,609,024,129.06

Legal representative: 薛松印 Principal in charge of accounting: 吉俊丽 Head of accounting department: 张占金

The accompanying notes form an integral part of these financial statements.

14

Zhengzhou Urban Construction Investment Group Co., Ltd.

COMPANY STATEMENT OF CHANGES IN OWNERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2020

(All amounts in RMB'0 Yuan unless otherwise stated)

Item	Attributable to equity holders of the Company							Total owners' equity
	Paid-in capital	Capital reserves	Less:Treasury Stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	
Balance at December 31, 2019	1,000,000,000.00	15,220,169,016.17				169,076,559.98	1,511,808,539.75	17,901,054,115.90
Add: Changes in accounting policies								
Corrections of prior period errors								
Other								
Balance at January 1, 2020	1,000,000,000.00	15,220,169,016.17				169,076,559.98	1,511,808,539.75	17,901,054,115.90
Movements for the year ended December 31, 2020								
(1)Total comprehensive income						1,180,297.36	6,085,276.28	7,265,573.64
(2)Capital contribution and withdrawal by owners							11,802,973.64	11,802,973.64
1.Capital contribution by owners								
2.Holders of other equity instruments invested capital								
3.The amount of share-based payment recorded in owner's equity								
4.Others								
(3)Profit distribution								
1.Extract surplus reserve						1,180,297.36	-5,717,697.36	
2. Distribution to the owner (or shareholder)						1,180,297.36	-1,180,297.36	
3.Others							-4,537,400.00	
(4)Transfer within owners' equity								
1.Transfer from capital surplus to paid-in capital								
2.Transfer from surplus reserves to paid-in capital								
3.Surplus reserves used to offset accumulated losses								
4.Carryover the changes in net debt or net assets from remeasurement benefit plans								
5.Others								
(5)Special reserve								
1. Current extraction								
2. Current use								
(6)Other								
Balance at December 31, 2020	1,000,000,000.00	15,220,169,016.17				170,256,857.34	1,517,893,816.03	17,908,319,689.54

Legal representative: 森薛印松 4101021698652

Principal in charge of accounting: 吉俊丽

Head of accounting department: 张占金

The accompanying notes form an integral part of these financial statements.

Zhengzhou Urban Construction Investment Group Co., Ltd.

COMPANY STATEMENT OF CHANGES IN OWNERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2019

(All amounts in RMB'0 Yuan unless otherwise stated)

Item	Attributable to equity holders of the Company							Total owners' equity
	Paid-in capital	Capital reserves	Less:Treasury Stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	
Balance at December 31, 2018	1,000,000,000.00	15,220,169,016.17				167,654,059.23	1,508,886,532.98	17,896,709,608.38
Add: Changes in accounting policies								
Corrections of prior period errors								
Other								
Balance at January 1, 2019	1,000,000,000.00	15,220,169,016.17				167,654,059.23	1,508,886,532.98	17,896,709,608.38
Movements for the year ended December 31, 2019								
(1)Total comprehensive income						1,422,500.75	2,922,006.77	4,344,507.52
(2)Capital contribution and withdrawal by owners							14,225,007.52	14,225,007.52
1.Capital contribution by owners								
2.Holders of other equity instruments invested capital								
3.The amount of share-based payment recorded in owner's equity								
4.Others								
(3)Profit distribution								
1.Extract surplus reserve						1,422,500.75	-11,303,000.75	-9,880,500.00
2. Distribution to the owner (or shareholder)						1,422,500.75	-1,422,500.75	
3.Others							-9,880,500.00	-9,880,500.00
(4)Transfer within owners' equity								
1.Transfer from capital surplus to paid-in capital								
2.Transfer from surplus reserves to paid-in capital								
3.Surplus reserves used to offset accumulated losses								
4.Carryover the changes in net debt or net assets from remeasurement benefit plans								
5.Others								
(5)Special reserve								
1. Current extraction								
2. Current use								
(6)Other								
Balance at December 31, 2019	1,000,000,000.00	15,220,169,016.17				169,076,559.98	1,511,808,539.75	17,901,054,115.90

Legal representative: 森薛印松 4101021698652

Principal in charge of accounting: 吉俊丽

Head of accounting department: 张占金

The accompanying notes form an integral part of these financial statements.

Zhengzhou Urban Construction Investment Group Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

(All amounts in RMB unless otherwise stated)

1 GENERAL INFORMATION

(1) The History

Zhengzhou Urban Construction Investment Group Co., Ltd. (hereinafter referred to as "the Company") was approved by Zheng Zhengwen [2007] No. 136 "Zhengzhou Municipal People's Government's Notice on the Establishment of Zhengzhou Urban Construction Investment Group Co., Ltd." The State-owned Assets Supervision and Administration Commission of Zhengzhou Municipal People's Government (hereinafter referred to as Zhengzhou State-owned Assets Supervision and Administration Commission) invested 10,000,000.00 RMB. On December 28, 2007, the state-owned sole proprietorship limited company was approved by Zhengzhou Administration for Industry and Commerce. The registered capital is 10,000,000.00 RMB and the paid-up capital is 10,000,000.00 RMB. The above-mentioned capital contribution was verified by Henan Jinyuda Certified Public Accountants Co., Ltd. It was verified on 14 December, 2007 with the capital verification report of No. 12-071 of Yujinkui Yanzi [2007].

On 18 May, 2009, the approval of Zhengzhou Urban Construction Investment Group Co., Ltd. (Zheng Guozi [2009] No. 107) was approved by the State-owned Assets Supervision and Administration Commission of Zhengzhou Municipal People's Government on Zhengzhou Urban Construction Investment Group Co., Ltd. The company increased the registered capital of 90,000,000.00 RMB, and this capital increase was all paid by Zhengzhou State-owned Assets Supervision and Administration Commission. The above-mentioned capital contribution was verified by Henan Jinyuda Certified Public Accountants Co., Ltd. and verified on 22 May, 2009 with the capital verification report of Yujinkuai Yanzi [2009] No. 05-066. After the completion of this capital increase, the registered capital of the company is 100 million RMB, the paid-in capital is 100 million RMB, and the shareholder Zhengzhou State-owned Assets Supervision and Administration Commission holds 100%.

On 7 December, 2010, the approval of Zhengzhou Urban Construction Investment Group Co., Ltd. (Zheng Guozi [2010] No. 271) was approved by the State-owned Assets Supervision and Administration Commission of Zhengzhou Municipal People's Government on Zhengzhou Urban Construction Investment Group Co., Ltd. The company increased the registered capital of 900 million RMB, and this capital increase was all paid by Zhengzhou State-owned Assets Supervision and Administration Commission. Among them, the cash contribution was 200 million RMB, and the physical assets were 700 million RMB. The above-mentioned capital contribution was verified by Henan Huabixin Jingwei Certified Public Accountants Co., Ltd. and verified on 10 February, 2011 with the Jingweikuai Yanzi (2011) No. 001 Capital Verification Report. After the completion of this capital increase, the registered capital of the company is 1 billion RMB, the paid-up capital is 1 billion RMB, and the shareholder Zhengzhou State-owned Assets Supervision and Administration Commission holds 100%.

On August 30, 2013, according to the "ZhengGuozi [2013] No. 246), the State-owned Assets Supervision and Administration Commission of Zhengzhou Municipal People's Government on the transfer of the state-owned shares of Zhengzhou Urban Construction Investment Group Co., Ltd. to Zhengzhou Real Estate Group Co., Ltd. Zhengzhou State-owned Assets Supervision and Administration Commission agreed to transfer 100% state-owned shares of Zhengzhou Urban Construction Investment Group Co., Ltd. held by it to Zhengzhou Real Estate Group Co., Ltd. without compensation. Zhengzhou State-owned Assets Supervision and Administration Commission holds 100% equity of Zhengzhou Real Estate Group Co., Ltd., which is the ultimate actual controller of the company.

(2) The Structure of Ownership

Registered Address and Headquarters Address: No. 92 Huashan Road, Zhongyuan District, Zhengzhou City
Registration Number of Legal Entity's Business License: 91410100670080118P
Legal Representative: Songsen Xue
Registered capital: RMB 1,000,000,000.00

(3) Business scope of the company

The scope of business of the company: investment in municipal infrastructure and public facilities; general contracting of municipal projects; maintenance of municipal roads and bridges; wholesale and retail of construction materials; land consolidation; housing leasing. Involving licensed business projects, you should obtain permission from relevant departments before operating.

(4) The name of the parent company and the ultimate actual controller

Since Zhengzhou Real Estate Group Co., Ltd. directly holds 100% of the company's equity and is the largest shareholder of the company, the parent company of the company is Zhengzhou Real Estate Group Co., Ltd.

Since Zhengzhou State-owned Assets Supervision and Administration Commission directly holds 100% equity of Zhengzhou Real Estate Group Co., Ltd., the ultimate actual controller of the company is Zhengzhou State-owned Assets Supervision and Administration Commission.

(5) Scope of consolidated financial statements

As of 31 December 2019, the subsidiaries within the scope of the consolidated financial statements of the Company include Henan Chengtou Construction Engineering Co., Ltd.

(hereinafter referred to as “Chengtou Construction”) and Zhengzhou Chengtou Enterprise Management Consulting Co., Ltd. (hereinafter referred to as “Consulting Company”). Henan Chengtou Chengzhu Industrial Co., Ltd. (hereinafter referred to as “Chengtou Chengzhu”), Zhengzhou Urban Construction Green Building Materials Co., Ltd. (hereinafter referred to as "Green Building Materials"),Zhengzhou Chengjian Real Estate Co., Ltd. (hereinafter referred to as “the Real Estate Company”), Zhengzhou Huanghe Hotel (hereinafter referred to as “Huanghe Hotel”), Zhengzhou Songshan Hotel (hereinafter referred to as “Songshan Hotel”), Zhengzhou Dingrun Urban Construction Co., Ltd. (hereinafter referred to as "Dingrun Construction"), Henan Chengjian Civil Engineering Research Center Co., Ltd. (hereinafter referred to as "Chengyan Company"), Henan Chengjian Prefab Co., Ltd. (hereinafter referred to as “Chenggou Company”), Zhengzhou Chengfa Qianrun Industrial Co., Ltd. (hereinafter referred to as “Chengfa Qianrun”), Zhengzhou Chengjian Development Co., Ltd. (hereinafter referred to as “Development Company”), Zhengzhou Chengfa Hengshun Real Estate Co., Ltd. Company (hereinafter referred to as “Hengshun Real Estate”), Zhengzhou Chengfa Huantong Industrial Co., Ltd. "Huantong Industry"), Henan Chengtou Zhonghe Jianfang Construction Co., Ltd. to build party (hereinafter referred to as "Zhonghe Jianfang "), Henan Chengtou Ecological Environment Management Co., Ltd. (hereinafter referred to as "Chengtou Ecology").

(6) Financial report approval date

The financial statements were approved for submission on April 10, 2021.

2 THE COMPANY’S MAJOR ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND PRIOE ERRORS

(1) Basis for the preparation of financial statements

Based on the assumption of going concern, the Company is based on the actual transactions and events, in accordance with the “Accounting Standards for Business Enterprises – Basic Standards” issued by the Ministry of Finance and specific accounting standards, application guidelines for business accounting standards, interpretation of accounting standards for enterprises, and other relevant regulations (The following is collectively referred to as “Enterprise Accounting Standards”.

(2) Continuing operations

These financial statements are presented on a going concern basis. The Company has no significant events or circumstances that have significant doubts about the Company's ability to continue as a going concern for 12 months from the end of the reporting period.

3 IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements comply with the requirements of the Accounting Standards for Business Enterprises, which truly and completely reflect the merger and corporate financial status of the Company as of 30 June 2019, and the merger and company operating results from January to June 2019, and the merger and company cash flow. And other relevant information.

(2) Accounting period

It is a fiscal year from January 1 to December 31 of the Gregorian calendar.

(3) Business cycle

The normal business cycle refers to the period from the purchase of assets for processing to the realization of cash or cash equivalents. The company takes 12 months as an operating cycle and uses it as a standard for the liquidity of assets and liabilities.

(4) Bookkeeping base currency

Renminbi is used as the standard currency for bookkeeping.
Unless otherwise stated, the amount is expressed in RMB.

(5) Accounting treatment methods for business combination under the same control and not under the same control

(a) Judging criteria for a package of transactions

Step-by-step implementation of the terms, conditions and economic impact of each transaction in the business combination process in accordance with one or more of the following situations, accounting for multiple transactions as a package transaction:

① These transactions are concluded at the same time or with consideration of each other's influence;
② These transactions as a whole can achieve a complete business result;
③ The occurrence of a transaction depends on the occurrence of at least one other transaction;
④ A transaction alone is not economical, but it is economical when considered together with other transactions.

(b) Business combination under the same control

For a business combination under the same control, the assets and liabilities of the combining party acquired by the combining party in the combination are measured at the original book value of the combined party on the combining date, except for adjustments due to different accounting policies. The difference between the book value of the merger consideration and the book value of the net assets acquired in the merger is adjusted to the capital reserve. If the capital reserve is insufficient to offset, the retained earnings are adjusted.
The direct related expenses incurred for the business combination are recognized in profit or loss when incurred.

(c) Business combination not under the same control

For a business combination not under the same control, the combination cost is the fair value of the assets, liabilities incurred or assumed, and equity securities issued by the company on the acquisition date to obtain control over the acquiree. On the date of purchase, the merger cost incurred by the Company and the acquired assets, liabilities and contingent liabilities of the acquiree are recognized at fair value.

Intermediary expenses, such as audits, legal services, assessments, etc., and other related management expenses incurred for the business combination are recognized in profit or loss when incurred. The transaction fee for equity securities or debt securities issued as a merger consideration is included in the initial recognition amount of equity securities or debt securities.

The difference between the combination cost and the fair value of the acquiree's identifiable net assets acquired in the combination is recognized as goodwill, which is subsequently measured at cost less accumulated impairment losses; the difference between the fair values of the identifiable net assets is recognized in profit or loss for the current period.

In the consolidated financial statements, the combination cost is the sum of the consideration paid on the purchase date and the fair value of the equity of the purchased party held before the purchase date on the purchase date. For the equity of the purchased party that has been held before the purchase date, the fair value of the purchase date is re-measured, and the difference between the fair value and the book value is included in the current investment income; If the equity of the purchased party held before the purchase date involves other comprehensive income, the other comprehensive income related to it is not only the change in the net liability or net assets of the defined benefit plan calculated by the purchaser in accordance with the equity method. Except for the corresponding share, the rest will be converted into the current investment income on the purchase date.

If the purchaser obtains the deductible temporary difference of the purchased party and fails to confirm the condition of the deferred income tax asset recognition on the purchase date, within 12 months after the purchase date, if new or further information is obtained, the purchase is confirmed. The relevant circumstances of the day already exist. It is expected that the economic benefits brought by the purchaser's deductible temporary difference on the purchase date can be realized, and the relevant deferred income tax assets are recognized, while the goodwill is reduced, and the goodwill is insufficiently reduced. The difference is recognized in profit or loss for the current period. In addition to the above, the deferred income tax assets related to the business combination are recognized in profit or loss.

(6) Preparation method of consolidated financial statements

(a) The principle of determining the scope of consolidation

The scope of consolidation of the consolidated financial statements is determined on the basis of control. Control means that the investor has the power to the investee, enjoys variable returns by participating in the relevant activities of the investee, and has the ability to use the power of the investee to influence the amount of the return.

The consolidated financial statements of the Company are based on the financial statements of the Company and its subsidiaries and are prepared by the Company based on other relevant information. In the preparation of the consolidated financial statements, the accounting policies and accounting periods of the Company and its subsidiaries are required to be consistent, and major transactions and current balances between companies are offset.

During the reporting period, due to the increase in the business combination under the same control, the Company consolidated the income, expenses and profits of the subsidiary from the beginning of the period to the end of the reporting period into the consolidated income statement, and included its cash flow in the consolidated cash flow statement, and adjusted at the same time. The opening and closing figures of the consolidated financial statements; for subsidiaries that are not consolidated under the same control, the Company will include the income, expenses and profits of the subsidiary from the date of purchase to the end of the reporting period in the consolidated income statement, and include the cash flow in the consolidated cash flow statement without adjusting the consolidated financial statements. The beginning and the number of comparisons; during the reporting period, for the disposed subsidiaries, the Company incorporated the income, expenses and profits of the subsidiary from the beginning of the period to the disposal date into the consolidated income statement, and included its cash flow in the consolidated cash flow statement without adjusting the consolidated assets and liabilities. The beginning of the table.

The portion of the shareholder (owner's) interest of the subsidiary that is not owned by the company is separately presented as minority shareholders' equity in the consolidated balance sheet under shareholders' equity. The portion of the subsidiary's current net profit or loss that belongs to minority shareholders' equity is presented as “minority shareholder gains and losses” under the net profit item in the consolidated income statement. The loss of a subsidiary shared by a minority shareholder exceeds the share of the minority shareholder at the beginning of the subsidiary's shareholder (owner's equity), and the balance is still reduced by the minority shareholders' equity.

For the purchase of a minority shareholding in a subsidiary or a transaction for the disposal of a part of the equity investment without loss of control over the subsidiary, as an equity transaction, the book value attributable to the owner's equity and minority interests of the parent company is adjusted to reflect its Changes in related interests in the company. The difference between the adjustment of the minority shareholders' equity and the fair value of the payment/receipt of the consideration is adjusted to the capital reserve. If the capital reserve is insufficient to offset, the retained earnings are adjusted.

If the control of the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity shall be re-measured according to its fair value on the date of loss of control; the sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, less the difference between the share of the original assets and the share of the net assets that the Atomic Company has continuously calculated from the date of purchase, and the investment income in the current period of loss of control ; Other comprehensive income related to the original subsidiary's equity investment will be converted into current investment income when the control loss is lost, except for the changes in the net liabilities or net assets of the original subsidiary. Thereafter, the remaining equity of the part is subsequently measured in accordance with the relevant provisions of the “Accounting Standards for Business Enterprises No. 2 – Long-term Equity Investment” or “Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments”.

If the Company disposes of the equity investment in the subsidiary through multiple transactions until the loss of control, it is necessary to distinguish whether the transactions dealing with the equity investment of the subsidiary until the loss of control are a package transaction.

Each transaction that deals with the equity investment of a subsidiary until the loss of control belongs to a package transaction, and the transactions are treated as a transaction that disposes of the subsidiary and loses control. However, the difference between each disposal price and the disposal investment before the loss of control enjoys the share of the subsidiary's net assets, it is recognized as other comprehensive income in the consolidated financial statements, and is transferred to the profit and loss of the current period of loss of control when control is lost

If it is not a package transaction, each of the transactions shall be based on "partial disposal of long-term equity investment in the subsidiary without loss of control" (see the previous two paragraphs) and "due to the disposal of part of the equity investment or Other reasons for the loss of control over the original subsidiary (see the previous paragraph) apply to the accounting principles..

In the individual financial statements, the sum of the book value of the equity investment held by the purchaser before the purchase date and the new investment cost on the purchase date is taken as the initial investment cost of the investment; the shareholding of the purchased party held before the purchase date involves other comprehensive income, other comprehensive income related to the investment at the disposal of the investment is transferred to the current investment income, except for the corresponding share in the changes in the net liabilities or net assets of the defined benefit plan that are accounted for by the acquirer.

(7) Classification of joint venture arrangements and accounting treatment methods for joint operations

(a) Classification of joint venture arrangements

The Company divides the joint venture arrangement into joint operation and joint venture according to the structure of the joint arrangement, the legal form and the terms agreed in the joint arrangement, other relevant facts and circumstances.

Joint venture arrangements not achieved through separate entities are classified as joint operations; joint venture arrangements through separate entities are usually classified as joint ventures; however, there is conclusive evidence that the joint venture arrangements that meet any of the following conditions and comply with the relevant laws and regulations are classified as joint operations:

① The legal form of the joint venture arrangement indicates that the joint venture party has rights and obligations for the relevant assets and liabilities in the arrangement;
② The terms of the contract of the joint venture arrangement stipulate that the joint venture party shall have rights and obligations for the relevant assets and liabilities in the arrangement;
③ Other relevant facts and circumstances indicate that the joint venture party has rights and obligations for the relevant assets and liabilities in the arrangement, for example, the joint venture

party enjoys almost all the outputs related to the joint arrangement. And the settlement of liabilities in the arrangement continues to depend on the support of the joint venture.

(b) Accounting treatment methods for joint operations

The Company confirms the following items related to the Company in the share of interest in the joint operation, and performs accounting treatment in accordance with the relevant accounting standards:

① Identify the assets held separately and recognize the assets held jointly by their share;
② Confirm the liabilities assumed separately and recognize the shared liabilities by their share;
③ Confirmation of the proceeds from the sale of the share of the common operating output that it enjoys;
④ Recognize, based on its share, the income generated by the joint operation as a result of the sale of the output;
⑤ Confirm the costs incurred separately and the costs incurred for joint operations based on their share.

The company invests or sells assets to the joint operation (except for the assets that constitute the business), and before the asset is sold to a third party from a joint operation, only the portion of the profit or loss arising from the transaction that is attributable to other parties to the joint operation is recognized. If the assets invested or sold are subject to asset impairment losses in accordance with the "Accounting Standards for Business Enterprises No. 8 – Impairment of Assets", the Company shall fully recognize the losses.

The Company purchases assets from joint operations (other than the business of the assets), and only confirms the portion of the profit or loss arising from the transaction that belongs to other parties in the joint operation before selling the assets to a third party. If the purchased assets meet the asset impairment losses stipulated in the "Accounting Standards for Business Enterprises No. 8 – Impairment of Assets", the Company shall recognize the losses according to the share of the commitments.

The Company does not enjoy joint control over joint operations. If the Company enjoys the joint operation related assets and assumes the liabilities related to the joint operation, it shall still be accounted for according to the above principles. Otherwise, it shall be accounted for in accordance with the relevant accounting standards.

(8) The standards of recognizing cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily drawn on demand, and short-term (within 3 months) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(9) Financial instruments

Financial instruments refer to contracts that form the financial assets of a company and form financial liabilities or equity instruments of other units. Financial instruments include financial assets, financial liabilities and equity instruments.

(a) Confirmation and derecognition of financial instruments

The company recognizes a financial asset or financial liability when it becomes a party to a financial instrument contract. If the financial assets meet one of the following conditions, the confirmation is terminated:

①The contractual right to receive the cash flow of the financial asset is terminated;
②The financial assets have been transferred and are subject to the derecognition conditions for the transfer of financial assets described below.

If all or part of the current obligations of a financial liability have been discharged, the financial liability or part of it is derecognized. The company (debtor) and the creditor signed an agreement to replace the existing financial liabilities with new financial liabilities, and the new financial liabilities and the existing financial liabilities are substantially different from the contract terms, and derecognition of existing financial liabilities and recognition of new financial liabilities.

Financial assets are traded in the normal way and are recognized and derecognized on a trade date basis.

(b) Classification and measurement of financial assets

The Company classifies financial assets into the following four categories based on the contractual terms of the financial instruments issued and the economic substance they reflect and not only in legal form, but also in the purpose of obtaining financial assets and undertaking financial liabilities: Financial assets measured at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. Financial assets are measured at fair value on initial recognition. For financial assets measured at fair value through profit or loss, the related transaction expense is directly recognized in profit or loss for the current period.

Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss, including financial assets and financial assets that are designated at fair value through profit or loss. For such financial assets, fair value is used for subsequent measurement. Gains or losses arising from changes in fair value and dividends and interest income related to these financial assets are recognized in profit or loss.

Held to maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company has a clear intention and ability to hold to maturity. The held-to-maturity investment is subsequently measured at amortized cost using the effective interest method. The gain or loss arising from the derecognition, impairment or amortization is recognized in profit or loss.

Receivables

Receivables refer to non-derivative financial assets with fixed or determinable payments in an active market, including accounts receivable and other receivables. The amount of the gains or losses arising from the derecognition, impairment or amortization is recognized in profit or loss.

Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale at initial recognition, and financial assets other than those listed above. The available-for-sale financial assets are subsequently measured at fair value, and the discount or premium is amortized using the effective interest method and recognized as interest income. Except for the impairment loss and the exchange differences of foreign currency monetary financial assets are recognized as profit or loss for the current period, changes in the fair value of available-for-sale financial assets are recognized in other comprehensive income. The amount of the change in fair value is transferred to the portion of the disposal and is included in the current profit and loss. Dividends or interest income related to available-for-sale financial assets are recognized in profit or loss for the current period.

(c) Classification and measurement of financial liabilities

The financial liabilities of the Company are classified as financial liabilities measured at fair value through profit or loss and other financial liabilities. For financial liabilities that are not classified as fair value through profit or loss, the related transaction expense is included in the initial recognition amount.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss, including financial liabilities and financial liabilities that are designated at fair value through profit or loss. For such financial liabilities, the subsequent measurement is based on fair value. Gains or losses arising from changes in fair value and dividends and interest expense related to these financial liabilities are recognized in profit or loss.

Other financial liabilities

Derivative financial liabilities linked to equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured and that must be settled through the delivery of the equity instrument are subsequently measured at cost. Other financial liabilities are measured at amortized cost using the effective interest method. The gain or loss arising from derecognition or amortization is recognized in profit or loss.

(d) Derivative financial instruments and embedded derivatives

The company's derivative financial instruments include forward foreign exchange contracts, currency exchange rate swap contracts, interest rate swap contracts and foreign exchange option contracts. It is initially measured at the fair value on the date of signing of the derivative transaction contract and is subsequently measured at its fair value. A derivative financial instrument with a positive fair value is recognized as an asset, and a fair value is recognized as a liability. Any gains or losses arising from changes in fair value that do not meet the hedge accounting requirements are recognized directly in profit or loss.

For a hybrid instrument that includes an embedded derivative, if it is not designated as a financial asset or financial liability measured at fair value through profit or loss, the embedded derivative has no close relationship with the main contract in terms of economic characteristics and risks, and As with embedded derivatives, separate tools are defined for derivatives, and embedded derivatives are split from the hybrid tool and treated as separate derivative financial instruments. If the embedded derivative is not measured separately at the time of acquisition or on the subsequent balance sheet date, the hybrid instrument is designated as a financial asset or financial liability at fair value through profit or loss.

(e) Fair value of financial instruments
In the presence of financial assets or financial liabilities in an active market, the Company uses current or current asking prices in an active market to determine its fair value.

If there is no active market for financial instruments, the company uses valuation techniques to determine its fair value. The results obtained using valuation techniques reflect the transaction prices that may be used in fair trade on the valuation date. Valuation techniques include reference to prices used in recent market transactions by parties familiar with the situation and voluntary transactions, current fair values of other financial instruments that are substantially identical, discounted cash flow methods, and option pricing models.

The Company selects the fair value of financial instruments that is generally accepted by market participants and is verified by the actual market transaction price verification reliability. When using valuation techniques to determine the fair value of financial instruments, the Company tests the effectiveness of the valuation technique whenever possible by using all market parameters that market participants consider when pricing financial instruments and observable transaction prices for the current market for the same financial instrument.

(f) Impairment of financial assets
The Company checks the book value of financial assets on the balance sheet date. If there is objective evidence that the financial assets are impaired, provision for impairment is made. The objective evidence indicating that the financial assets are impaired refers to the events that actually occur after the initial recognition of the financial assets, have an impact on the estimated future cash flows of the financial assets, and the enterprise can reliably measure the impact.

Financial assets measured at amortized cost
If there is objective evidence that the financial asset is impaired, the carrying amount of the financial asset is reduced to the present value of the estimated future cash flow (excluding future credit losses that have not yet occurred), and the write-down amount is included in the current profit and loss. It is expected that the present value of future cash flows will be discounted according to the original actual interest rate of the financial assets, and the value of the relevant collateral will be considered.

For financial assets with significant single amount, impairment test is carried out separately. If there is objective evidence that it has been impaired, the impairment loss is recognized and recognized in profit or loss. For financial assets that are not individually significant, they are tested for impairment in a portfolio of financial assets with similar credit risk characteristics. Financial assets that are not impaired (including financial assets that are individually significant and insignificant) are tested separately, including impairment testing in a portfolio of financial assets with similar credit risk characteristics. Financial assets that have been individually recognized for impairment losses are not included in the financial asset portfolio with similar credit risk characteristics for impairment testing.

After the Company recognizes the impairment loss on financial assets measured at amortized cost, if there is objective evidence that the value of the financial asset has recovered and is objectively related to the events occurring after the recognition of the loss, the previously recognized impairment loss is transferred. Back, included in the current profit and loss. However, the book value after the reversal does not exceed the amortized cost of the financial asset on the reversal date, assuming no provision for impairment.

Available for sale financial assets
If there is objective evidence that the financial asset is impaired, the cumulative loss arising from the decline in fair value that is directly recognized in other comprehensive income is transferred out and recognized in profit or loss. The accumulated loss transferred is the balance of the initial acquisition cost of the available-for-sale financial assets after deducting the recovered principal and amortized amount, the current fair value and the impairment loss previously recognized in profit or loss.

For the available-for-sale debt instruments that have been recognized for impairment losses, the fair value of the subsequent accounting period has risen and is objectively related to the events that occurred after the recognition of the original impairment loss is recognized. Into the current profit and loss. Impairment losses arising from investments in available-for-sale equity instruments are not reversed through profit or loss.

Financial assets measured at cost
When an equity instrument investment that is not quoted in an active market and whose fair value cannot be reliably measured, or a derivative financial asset that is linked to the equity instrument and that is required to be settled through the delivery of the equity instrument is impaired, the book value of the financial asset is The difference between the present value of the financial assets and the current market value of the current financial assets is recognized as an impairment loss, which is recognized in profit or loss. Once the impairment loss has been confirmed, it cannot be reversed.

(g) Financial asset transfer
The transfer of financial assets refers to the transfer or delivery of financial assets to the other party (the transferee) other than the issuer of the financial assets.

The Company has transferred almost all the risks and rewards of ownership of financial assets to the transferee, derecognizing the financial assets; retaining almost all the risks and rewards of ownership of the financial assets, and not confirming the financial assets.

The Company has neither transferred nor retained almost all the risks and rewards of ownership of financial assets. The following cases are dealt with: If the control of the financial assets is abandoned, the financial assets are derecognized and the assets and liabilities are recognized; If the financial assets are controlled, the relevant financial assets are recognized according to the extent to which they continue to be involved in the transferred financial assets, and the related liabilities are recognized accordingly.

(10) Receivables

(a) Receivables with a single significant amount and single provision for bad debts:

Judgment basis or amount standard for significant single amount	Except for the bad debt provision for the receivables with the government and other departments, the company regards the receivables with a single amount of more than 10 million RMB as a major receivable.
Accrual method for single item amount and single item provision for bad debts	For the individually significant amount of the receivables, the impairment test is carried out separately. There is objective evidence that it has been impaired, and the impairment loss is recognized and the provision for bad debts is made based on the amount of the future cash flow of the future cash flow less than its carrying amount.

(b) Accounts receivable for bad debt provision by credit risk characteristics combination:

Accrual method for provision for bad debts based on credit risk characteristics combination (aging analysis method, balance percentage method, other methods)	
Aging analysis combination	Balance percentage method

In the portfolio, the aging analysis method is used to make provision for bad debts:

Applicable √ Not applicable

In the portfolio, the provision for bad debts is made using the balance percentage method:

√Applicable Not applicable

The provision for bad debts is 2% of the ending balance.

(c) Receivables with a single amount that is not significant but are individually provisioned for bad debts:

Reasons for single provision for bad debts	There is a significant difference between the present value of future cash flows of receivables and the present value of future cash flows of the combination of receivables with credit risk characteristics.
Provision method for bad debt provision	The individual recognition method is adopted, and the corresponding bad debt provision is accrued according to the expected bad debt loss. For the receivables from all related parties that are expected to be uncollectible, the provision for bad debts can also be fully made.

(d) For the accounts receivable with non-significant single amount and the individually significant amount of receivables that have not been impaired after separate testing, the provision for bad debts is based on the combination of the percentage method of balance and the individual accrual method.

(e) For other receivables such as bills receivable, prepayments, interest receivable, long-term receivables, etc., provision for bad debts is made based on the difference between the present value of future cash flows and its book value.

(11)Inventories

(a)The classification of inventories
Inventories refer to the finished products or commodities that the company holds for sale in daily activities, the products in the production process, the materials and materials used in the production process or the provision of labor services. The inventory is classified into: raw materials, construction cost, development cost, low-value consumables, and finished goods.

(b)Valuation method for obtaining and issuing inventory
The company's inventories are recorded at the actual cost at the time of acquisition; the low-value consumables are amortized once they are used; the construction cost and development cost are carried forward using the individual valuation method; others are carried forward at the weighted average method.

(c) Basis for determining the net realizable value of inventories and the accrual method for inventory depreciation reserve
On the balance sheet date, inventories are measured at the lower of cost and net realizable value.

Net realizable value refers to the estimated selling price of inventories minus the estimated cost of completion, estimated selling expenses and related taxes and fees in daily activities. When determining the net realizable value of inventories, based on the solid evidence obtained, consider the purpose of holding the inventories and the impact of events after the balance sheet date.

The stock of goods directly used for sale, such as finished goods, stocked goods and materials for sale, is determined in the normal production and operation process by the estimated selling price of the stock minus the estimated selling expenses and related taxes. Realize the net value. Inventories of processed materials are required. In the normal production and operation process, the estimated selling price of the finished products produced is subtracted from the estimated cost of completion, estimated sales expenses and related taxes and fees. Realize the net value. For the inventory held for the execution of a sales contract or a labor contract, the net realizable value is calculated on the basis of the contract price. If the quantity of the held inventory is more than the quantity ordered by the sales contract, the net realizable value of the excess inventory is the general sales price. Based on calculations.

On the balance sheet date, the company makes provision for inventory depreciation according to individual inventory items; however, for a large number of inventories with lower unit prices, provision for inventory depreciation is made according to the inventory category; it is related to the product series produced and sold in the same region. Or inventory that is similar to the end use or purpose and that is difficult to measure separately from other items, and the provision for inventory depreciation is consolidated.

For the difference between the net realizable value of the inventories and the carrying amount of the inventories, the provision for impairment of inventories is recognized in profit or loss for the current period. If the value of the inventory is recovered in the future period, it shall be reversed within the amount of the provision for impairment of the inventory that has been accrued. The amount of the reversal is included in the current profit and loss.

(d) Stock inventory system
Adopt perpetual inventory system.

(e) Amortization method of low-value consumables and packaging materials
Low-value consumables and packaging materials are valued at actual cost when they are acquired, and are amortized using the one-off amortization method at actual cost.

(12)Long-term equity investments
The long-term equity investment referred to in this section refers to the long-term equity investment that the company has control, joint control or significant influence on the invested entity. The Company's long-term equity investments that have no control, joint control or significant influence on the investee are accounted for as available-for-sale financial assets or financial assets at fair value through profit or loss.

(a)The recognition of investment cost
For the long-term equity investment in a business combination under the same control, on the date of merger according to the owner's equity of the merged party in the ultimate control of the book value of the consolidated financial statements of the party's share as the initial cost of the long-term equity investment. Initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred, borne by the difference between the book value of debt and the issuance of shares of the total adjusted capital reserve capital premium; lack of capital surplus capital premium in offset, the retained earnings (adjusted by repeatedly made the same transaction step under the control of the merged party equity, and ultimately the formation of enterprise merger under the same control, should be whether it belongs to the "package deal" for processing: transactions that belong to the "package deal" deal with the transactions as a controlling transaction. Do not belong to the "package deal", on the combining date in accordance with the party should enjoy the rights and interests of the owners / shareholders in the ultimate control of the book value of the consolidated financial statements of the party's share as the initial cost of the long-term equity investment of the merged, the initial investment cost of a long-term equity investment is adjusted to the sum of the book value of the long-term equity investment before the merger, and the difference between the sum of the book value of the new share payment on the merger date and the adjustment of the capital reserve; if the capital surplus is not enough, the retained earnings will be adjusted. The equity investments of the equity investments held prior to the merger date are not accounted for by the equity method or other comprehensive income recognized for the available for sale financial assets.)

For a long-term equity investment achieved in business combination not under the same control, at the date of purchase as the initial cost of a long-term equity investment according to the cost of the business combination, the combination costs include the purchase to pay the assets and liabilities incurred or assumed, the issuance of the fair value of equity securities and (through multiple transactions made step by step the acquiree stake, eventually forming a non-business combination under the same control, should be whether it belongs to the "package deal" for processing: a "package deal", the transaction as a control transaction accounting treatment. The initial investment cost of the long term equity investment, which is calculated by the cost method, is based on the original value of the book value of the share invested by the purchaser, plus the sum of the new investment cost. The equity held by the former is calculated by equity method, and the other related comprehensive income is not handled temporarily. If the original equity investment is the available for sale financial asset, the difference between the fair value and the book value and the accumulated fair value change included in the other comprehensive income shall be transferred to the current profits and losses.

The expenses of auditing, legal service, evaluation and consultation and other relevant administrative expenses arising from the merger of the merging party or the purchaser shall be included in the current profits and losses when it occurs.

Other equity investments except the long-term equity investment formed by the merger of enterprises, the initial cost is measured according to the cost, which is different from the way in which the long-term equity investment is acquired, according to the company actual cash payments for the purchase price, the company issued equity securities, the fair value of the investment contract or agreement, the value of the exchange of non-monetary assets transaction in determining the fair value of the assets or the original book value of the long-term equity investment, own fair value etc.. Expenses, taxes and other necessary expenses which are directly related to the long-term equity investment are also included in the investment cost. For additional investment over the invested entity or the implementation of the implementation of major effect of common control does not constitute control, the cost of the long-term equity investment is in accordance with the " Accounting standards for Enterprises No. 22 - Recognition and Measurement of Financial Instruments" to determine the original holders of equity investment and new investment cost.

(b)Subsequent measurement and profit and loss confirmation method

Long-term equity investment accounted for by cost method

The long-term equity investment that the company can control over the investee is accounted for using the cost method, and the cost of the long-term equity investment is adjusted by adding or recovering the investment according to the initial investment cost.

For long-term equity investments accounted for using the cost method, except for the actual payment or the cash dividends or profits included in the consideration that have been declared but not yet paid, the cash dividends or profits declared by the investee are recognized as investment income. Into the current profit and loss.

Long-term equity investment accounted for by equity method

The Company's long-term equity investments in associates and joint ventures are accounted for using the equity method; for some of the associates indirectly through venture capital institutions, mutual funds, trust companies or similar entities including investment-linked insurance funds Investments are measured at fair value through profit or loss.

When the Company adopts the equity method for long-term equity investment, the investment cost for long-term equity investment is greater than the fair value of the identifiable net assets of the investee when investing, and the investment cost of long-term equity investment is not adjusted; If the investment cost is less than the fair value of the identifiable net assets of the investee when investing, the book value of the long-term equity investment shall be adjusted, and the difference shall be included in the profit and loss of the current investment.

After the company obtains the long-term equity investment, it shall recognize the investment income and other comprehensive income according to the share of net profit and loss and other comprehensive income realized by the invested entity that should be shared or should be shared, and adjust the book value of the long-term equity investment; The investment unit declares the portion of the profit or cash dividend to be distributed, and reduces the book value of the long-term equity investment accordingly; adjusts the long-term equity investment for other changes in the owner's equity other than the net profit or loss, other comprehensive income and profit distribution of the invested entity. The book value is included in the owner's equity.

When the company accounts for long-term equity investments according to the equity method, it first adjusts the fair value, accounting policies and accounting periods of the investee's identifiable assets when investing in the net profit of the investee. The current profit and loss of the investee shall be recognized or shared.

The unrealized internal transaction gains and losses between the Company and the associates and joint ventures are calculated based on the shareholding ratio, and the investment gains and losses are recognized on the basis of offset.

When the company confirms that it should share the losses incurred by the invested company, it shall deal with it in the following order: First, offset the book value of the long-term equity investment. Secondly, if the book value of the long-term equity investment is not sufficient to offset, the investment loss will continue to be recognized, and the book value of long-term receivable items will be offset, subject to other book value of the long-term equity that substantially constitutes the net investment of the invested entity. Finally, after the above-mentioned treatment, if the enterprise still bears additional obligations in accordance with the investment contract or agreement, the estimated liabilities are recognized according to the estimated obligations and included in the current investment losses. If the investee realizes profit in the future period, the company shall, after deducting the unconfirmed loss share, proceed in the reverse order of the above, reduce the book balance of the confirmed liabilities and restore other net assets that substantially constitute the investment of the investee. The book value of long-term equity and long-term equity investments, while recognizing investment income.

Disposal of long-term equity investments

For the disposal of long-term equity investment, the difference between the book value and the actual purchase price is included in the current profit and loss. For the long-term equity investment accounted for using the equity method, when the investment is disposed, the same amount of assets or liabilities are directly disposed to the investee, and the portion that is originally included in other comprehensive income is accounted for. The owner's equity recognized as a result of changes in the owner's equity other than the net profit or loss, other comprehensive income and profit distribution of the investee is carried forward to the current profit and loss. If the joint control or significant influence on the investee is lost due to the disposal of part of the equity investment, etc., the remaining equity after disposal shall be calculated according to the financial instrument confirmation and measurement criteria, the difference between the fair value and the book value on the date of loss of joint control or significant influence is recognized in profit or loss. The other comprehensive income recognized in the original equity investment using the equity method is accounted for on the same basis as the investee's direct disposal of related assets or liabilities when the equity method is terminated. The owner's equity recognized by the investee other than the net profit or loss, other comprehensive income and profit distribution, is transferred to the current profit and loss when the equity method is terminated.

If the control of the investee is lost due to the disposal of part of the equity investment, etc., when preparing the individual financial statements, if the remaining equity after disposal can exert joint control or significant influence on the investee, it shall be accounted for under the equity method, and the residual equity shall be deemed to be adjusted by the equity method when it is acquired; If the remaining equity after disposal cannot jointly control or exert significant influence on the invested entity, it shall be accounted for according to the relevant provisions of the financial instrument confirmation and measurement criteria, the difference between the fair value and the book value on the date of loss of control is recognized in profit or loss.

The disposed equity is obtained through mergers and acquisitions for reasons such as additional investment. In the preparation of individual financial statements, the remaining equity after disposal is accounted for using the cost method or equity method. The equity investment held before the purchase date is accounted for using the equity method. The other comprehensive income and other owner's equity recognized are carried forward on a pro-rata basis; if the remaining equity after disposal is changed to the financial instrument recognition and measurement criteria, the other comprehensive income and other owners' equity are carried forward.

(c) Determine the criteria for joint control and significant impact on the investee

If the company collectively controls an arrangement in accordance with the relevant agreement and the activity decision that has a significant impact on the return of the arrangement needs to be agreed upon by the parties sharing the control, it is regarded as the company and other participation. The parties jointly control an arrangement, which is a joint arrangement.

If the joint venture arrangement is reached through a separate entity and the company determines that the company has rights to the net assets of the individual entity in accordance with the relevant agreement, the individual entity is regarded as a joint venture and is accounted for using the equity method. If it is judged according to the relevant agreement that the company does not have rights to the net assets of the individual entity, the separate entity acts as a joint operation, and the company recognizes the items related to the share of the joint operation interest and conducts accounting treatment in accordance with the relevant accounting standards.

Significant influence refers to the investor's power to participate in the decision-making of the financial and operating policies of the invested entity, but it cannot control or jointly control the formulation of these policies with other parties. The company has a significant impact on the investee by adopting one or more of the following situations and taking into account all facts and circumstances. (1) Representatives of the board of directors or similar authorities of the invested entity; (2) Participation in the financial and business policy formulation process of the invested entity; (3) Important transactions with the investee; (4) The investment unit sends management personnel; (5) provides key technical information to the invested company.

(d) Impairment test method and accrual method
On the balance sheet date, if there is a similar situation in which the book value of the long-term equity investment is greater than the share of the book value of the owner's equity of the invested entity, the company will invest in the long-term equity in accordance with the “Accounting Standards for Business Enterprises No. 8 – Impairment of Assets”. If the impairment test is carried out and the recoverable amount is lower than the book value of the long-term equity investment, provision for impairment is made. For the specific method of depreciation of assets, see Note three (18).

(13) Investment real estate
(a) Types of investment real estate
Investment real estate refers to real estate held for the purpose of earning rent or capital appreciation, or both, which can be separately measured and sold, including: ①Land use rights that have been leased. ②Land use rights that are held and prepared for transfer after appreciation. ③ Buildings that have been rented out.

(b) Measurement model of investment real estate
Investment real estate is initially measured at cost.Subsequent expenditures related to investment real estate are included in the cost of investment real estate if the economic benefits related to the asset are likely to flow in and their cost can be measured reliably.Other subsequent expenses shall be recorded into the current profit and loss when incurred.On the balance sheet date, the company adopts the fair value model for subsequent measurement of investment real estate.

(c) Fair value accounting method for investment real estate
The fair value model is applied to the investment real estate for subsequent measurement, and no depreciation or amortization is made. The book value of the investment real estate is adjusted on

the basis of the fair value of the investment real estate on the balance sheet date, and the difference between the fair value and the original book value is recorded in the current profit and loss.

(d) Impairment test method and accrual method of investment property
For the method of impairment of assets for investment real estate, see Note three (18).

(e) Conversion of investment real estate
When the investment real estate measured by the fair value mode is converted into the self-use real estate, the fair value on the conversion day shall be used as the book value of the self-use real estate, and the difference between the fair value and the original book value shall be recorded into the current profit and loss. When the self-used real estate is converted into the investment real estate measured by the fair value model, the investment real estate shall be priced according to the fair value on the conversion date. If the fair value on the conversion date is less than the original book value, the difference shall be recorded into the current profit and loss. If the fair value on the conversion date is greater than the original book value, the difference shall be recorded in other comprehensive income. An investment real estate that has been measured by the fair value model may not be transferred from the fair value model to the cost model.

(f) Disposal of investment real estate
When the investment property is disposed of, or permanently withdrawn from use, and no economic benefit is expected from its disposal, the recognition of the investment property is terminated. The difference of the disposal income from the sale, transfer, scrapping or destruction of investment real estate after deducting its book value and related taxes is booked into the current profit and loss.

(14)Fixed assets
(a) Recognition
Fixed assets refer to tangible assets held for the purpose of producing goods, providing labor services, renting or operating management, and having a useful life of more than one year. Fixed assets are recognized when they meet the following conditions:

(1) The economic benefits associated with the fixed assets are likely to flow into the enterprise;
(2) The cost of the fixed asset can be reliably measured.

(b) Classification of fixed assets
The company's fixed assets are classified into: Machinery, transportation equipment, electronic equipment, office equipment and others, houses and buildings.

(c) Initial measurement of fixed assets
When the fixed assets are acquired, the initial measurement is carried out according to the actual cost.

(d) Fixed assets depreciation accrual method

The company uses the straight-line method to calculate depreciation. Fixed assets are depreciated when they are ready for their intended use, and are depreciated when they are derecognized or classified as held for sale. Without considering the impairment provision, according to the fixed asset class, estimated service life and estimated residual value, the estimated service life, estimated net residual value and annual depreciation rate of various fixed assets of the Company are as follows:

Types of fixed assets	Estimated service life (years)	Estimated net residual value rate (%)	Annual depreciation rate (%)
Mechanical equipment	5-10	3	9.70-19.40
Transportation Equipment	4	3	24.25
Electronic equipment	3	3	32.33
Office equipment and others	2-5	3	19.40-48.50
Houses and buildings	30-50	3	1.940-3.23

Among them, the fixed assets that have been withdrawn for impairment are also deducted from the accumulated amount of the provision for impairment of fixed assets, and the depreciation rate is determined.

(e) For the impairment test method and accrual method of fixed assets, see Note three. (18) Long-term asset impairment.

(f) Recognition basis and pricing method for financing leased fixed assets

A finance lease is a lease that transfers substantially all the risks and rewards associated with ownership of an asset.

If it meets one or more of the following criteria, it is recognized as a finance lease:
(1) At the expiration of the lease term, the ownership of the leased asset is transferred to the lessee.
(2) The lessee has the option to purchase the leased asset and the purchase price entered into is expected to be much lower than the fair value of the leased asset when the option is exercised. Therefore, it can be reasonably determined on the lease start date that the lessee will exercise this option.
(3) Even if the ownership of the asset is not transferred, the lease term accounts for the majority of the useful life of the leased asset.
(4) The present value of the minimum lease payments of the lessee on the lease start date is almost equivalent to the fair value of the leased assets on the lease beginning date; the present value of the minimum lease receivable of the lessor on the lease start date is almost equivalent to the fair value of the leased asset on the lease start date.
(5) The nature of the leased asset is special. If it is not majorly modified, only the lessee can use it.

The fixed assets leased by finance leases are recorded at the lower of the fair value of the leased assets on the lease start date and the present value of the minimum lease payments. The minimum lease payments are recorded as long-term payables, and the difference is treated as unrecognized financing charges. In the process of lease negotiation and signing of the lease contract, the initial direct costs such as handling fees, attorney fees, travel expenses, stamp duty, etc. attributable to the lease item are included in the value of the leased assets. Unrecognized financing expenses are apportioned using the effective interest method during each period of the lease term.

The fixed assets leased by financing are depreciated using the same policy as their own fixed assets. If it is reasonable to determine that the leased asset will be acquired at the expiration of the lease term, the depreciation shall be made within the useful life of the leased asset; if it is not reasonable to determine that the leased asset can be acquired at the expiration of the lease term, the lease term and the leased asset are still available. Depreciation is provided for the shorter of the two years.

(g) At the end of each year, the company reviews the useful life, estimated net residual value and depreciation method of fixed assets.
If the estimated service life is different from the original estimate, adjust the service life of the fixed assets; if the estimated net residual value is different from the original estimate, adjust the estimated net residual value.

(15)Construction in progress
The cost of the construction in progress of the Company is determined based on the actual project expenditure, including all necessary engineering expenses incurred during the construction period, the borrowing costs to be capitalized before the project reaches the expected usable status, and other related expenses.

The total amount of expenditure incurred by the construction in progress before the construction of the asset reaches the expected usable status is recorded as the value of the fixed assets. If the construction of fixed assets under construction has reached the expected usable condition, but has not yet completed the final settlement of the project, it will be transferred to the fixed value according to the project budget, cost or actual cost of the project from the date of the scheduled usable status. Assets, and depreciation of fixed assets according to the company's fixed assets depreciation policy, after the completion of the final accounts, the original temporary valuation is adjusted according to the actual cost, but the original depreciation amount is not adjusted.

For the method of impairment of assets under construction, see Note three. (18) Impairment of long-term assets.

(16)Borrowing expense
(a) Recognition principle of capitalization of borrowing costs
If the borrowing costs incurred by the Company can be directly attributable to the acquisition, construction or production of assets eligible for capitalization, they shall be capitalized and included in the cost of related assets; other borrowing costs are recognized as expenses at the time of occurrence based on their Into the current profit and loss. Capitalization begins when the borrowing costs meet the following conditions:

①Asset expenditures have occurred, including expenditures incurred in the form of payment of cash, transfer of non-cash assets or commitment of interest-bearing debt for the acquisition, construction or production of assets eligible for capitalization;
②Borrowing costs have occurred;
③The acquisition, construction or production activities necessary to bring the assets to the intended usable or saleable state have begun.

(b) Capitalization of borrowing costs
When the company purchases, constructs or manufactures assets that meet the capitalization conditions and is ready for its intended use or sale, the capitalization of borrowing costs ceases. When part of the assets of the acquisition, construction or production of assets eligible for capitalization are completed and can be used separately, the capitalization of the borrowing costs of the part of the assets will cease. Each part of the assets purchased, constructed or produced is completed separately, but must be used after the completion of the whole work or can be sold externally. When the assets are completed as a whole, the capitalization of the borrowing costs is stopped. The borrowing costs incurred after the assets that meet the conditions of the capitalization are ready for their intended use or for sale are recognized as expenses at the time of occurrence and are recognized in profit or loss.

(c) Suspension of capitalization period
Capitalization of borrowing costs shall be suspended if the assets eligible for capitalization are interrupted abnormally during the acquisition, construction or production process and the interruption period lasts for more than 3 months; if the interruption is a necessary procedure for the acquisition or construction or production of assets eligible for capitalization to reach the intended usable state or saleable state, the borrowing costs continue to be capitalized. The borrowing costs incurred during the period of interruption are recognized as current gains and losses until the borrowing costs continue to be capitalized after the acquisition or construction of the assets is resumed. Borrowing costs during normal interruptions continue to be capitalized.

(d) Calculation method of capitalization rate of borrowing costs and capitalization amount.
The interest expense of the special loan (Deducting the interest income from the borrowing funds that have not been used for d

eposit into the bank or the investment income from the temporary investment) and its ancillary expenses shall be capitalized before the assets eligible for capitalization that are purchased or constructed are ready for their intended use or sale.

The amount of interest that should be capitalized for general borrowings is calculated by multiplying the weighted average of the asset expenditures of the accumulated borrowings over the special borrowings by the capitalization rate of the general borrowings used. The capitalization rate is determined based on the weighted average interest rate of general borrowings.

If there is a discount or premium on the loan, the discount or premium amount to be amortized in each accounting period shall be determined according to the actual interest rate method, and the interest amount of each period shall be adjusted.

(17) Intangible assets

(a) Classification of intangible assets, valuation method, service life and impairment test

The company's intangible assets include land use rights and software use rights.

Intangible assets are initially measured at cost, and their useful lives are analyzed and judged when intangible assets are acquired. The service life is limited. From the time when the intangible asset is available for use, the amortization method that reflects the expected realization of the economic benefits related to the asset is amortized over the estimated useful life; if the expected implementation cannot be reliably determined, Amortization using straight-line method; intangible assets with indefinite useful lives are not amortized.

The amortization method of intangible assets with limited service life is as follows:

Classification	Amortization method	Notes
land use rights	Annual average method	
software use rights		

At the end of each year, the Company reviews the useful life and amortization method of intangible assets with limited useful life. If the difference is different from previous estimates, the original estimate is adjusted and processed according to accounting estimates.

On the balance sheet date, if an intangible asset is no longer able to bring future economic benefits to the enterprise, the book value of the intangible asset will be transferred to the current profit and loss.

For the method of impairment of intangible assets, see Note three. (18) Impairment of long-term assets.

(b) Internal research and development expenditure accounting policy

The company divides the expenditure of internal research and development projects into research phase expenditures and development phase expenditures.

Expenditures for the research phase are recognized in profit or loss when incurred.

Expenditure in the development phase can be capitalized if it meets the following conditions: that is, it is technically feasible to complete the intangible asset to enable it to be used or sold; Have the intent to complete the intangible asset and use or sell it; The way in which intangible assets generate economic benefits, including the ability to prove that the products produced using the intangible assets exist in the market or the intangible assets exist in the market, and the intangible assets will be used internally, which can prove its usefulness; Have sufficient technical, financial and other resources to complete the development of the intangible asset and have the ability to use or sell the intangible asset; Expenditure attributable to the development phase of the intangible asset can be reliably measured. Development expenses that do not meet the above conditions are included in the current profit and loss.

The company's research and development project meets the above conditions, and after passing the technical feasibility and economic feasibility study, it judges that it enters the substantive development stage and is capitalized.

Expenditures that have been capitalized during the development phase are listed as development expenditures on the balance sheet and form intangible assets from the date the project reaches its intended use.

(18)Long-term asset impairment

The company's long-term equity investment in subsidiaries, joint ventures and joint ventures, investment real estate, fixed assets, construction in progress, intangible assets, goodwill (inventories, investment measured by fair value model) The impairment of assets of real estate, deferred income tax assets and financial assets is determined as follows:

The Company judges whether there is any indication that the asset may be impaired on the balance sheet date. If there is any indication of impairment, the Company will estimate the recoverable amount and conduct an impairment test. Goodwill arising from business combinations, intangible assets with indefinite useful lives, and intangible assets that are not yet ready for use are tested for impairment annually, regardless of whether there is any indication of impairment.

The recoverable amount is determined based on the higher of the fair value of the assets minus the disposal expenses and the present value of the estimated future cash flows of the assets. The Company estimates its recoverable amount on the basis of individual assets; if it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group is determined based on the asset group to which the asset belongs. The identification of an asset group is based on whether the main cash inflow generated by the asset group is independent of the cash inflow of other assets or asset groups.

When the recoverable amount of an asset or asset group is lower than its carrying amount, the Company reduces its carrying amount to the recoverable amount, the amount of the write-down is recognized in profit or loss for the current period, and the corresponding asset impairment provision is made.

For the impairment test of goodwill, the book value of goodwill formed by business combination is apportioned to the relevant asset group in a reasonable way from the date of purchase; it is difficult to apportion to the relevant asset group, and it is distributed to related asset group combinations. The relevant asset group or combination of asset groups is an asset group or combination of asset groups that can benefit from the synergies of the business combination and is not greater than the reporting segment determined by the company.

In the case of impairment test, if there is any indication of impairment of the asset group or asset group combination related to goodwill, firstly, the asset group or asset group combination not including goodwill is tested for impairment, and the recoverable amount is calculated to confirm the corresponding reduction. Loss of value. Then, the asset group or asset group combination containing goodwill is tested for impairment, and the book value and recoverable amount are compared. If the recoverable amount is lower than the book value, the impairment loss of goodwill is recognized.

Once the above asset impairment loss is confirmed, it will not be transferred back in the future accounting period.

(19) Long-term deferred expenses

Long-term deferred expenses are recorded at the actual amount incurred, and are amortized evenly over the beneficial period or within the prescribed period. If the long-term deferred expense item cannot benefit the future accounting period, the amortized value of the item that has not been amortized will be transferred to the current profit and loss.

(20) Employment Benefits

Employee compensation refers to various forms of remuneration or compensation given by the company to obtain services provided by employees or to terminate labor relations. Employee benefits include short-term compensation, post-employment benefits, termination benefits and other long-term employee benefits.

(a) Short-term compensation

Short-term remuneration mainly includes wages, bonuses, allowances and subsidies, employee welfare, medical insurance, maternity insurance, work-related injury insurance, housing provident fund, labor union funds, employee education funds, and non-monetary benefits. The Company recognizes the actual short-term employee's remuneration as a liability in the accounting period in which the employees provide services for the Company, and is included in the current profit or loss or related asset costs. Non-monetary benefits are measured at fair value.

If the employee welfare fee is non-monetary benefit, it shall be measured at fair value.

(b) Post-employment benefits

Post-employment benefits mainly include setting up a contribution plan and setting a benefit plan. The defined contribution plan mainly includes basic pension insurance, unemployment insurance and annuity, etc. The corresponding payable amount is included in the relevant asset cost or current profit and loss when incurred.

(c) Dismissal benefits

The dismissal benefit is compensation that the company decides to lift the labor relationship with the employee before the employee's labor contract has expired, or compensation to encourage the employee to accept the reduction voluntarily. When the termination benefits meet the following conditions, they are recognized as estimated liabilities:

①The company has established a formal plan to terminate the labor relationship or propose voluntary reduction proposals, which will be implemented soon. The plan or proposal includes: the department, position and quantity of the employee who intends to terminate the labor relationship or reduction; the termination of the labor relationship or the reduction of the compensation amount according to the relevant work category or position; the time to release the labor relationship or the reduction.

The dismissal plan or proposal is approved by the company's authority. Except for the payment process and other reasons, the partial payment is postponed to more than one year. The dismissal work should generally be completed within one year.

②The company cannot unilaterally withdraw the termination of the labor relations plan or the reduction proposal.

If the company has implemented an internal employee retirement plan, although the employee has not terminated the labor relationship with the company, the company promises to provide compensation substantially similar to the dismissal benefit, which is in line with the above dismissal benefit plan. If the estimated liability conditions are confirmed, they will be treated in the same way as the dismissal benefits. The company will recognize the salary of the retired staff and the social insurance premiums paid during the period from the employee's cessation of service to the normal retirement date, and recognize it as long-term employee remuneration (dismissal benefits), and will not be recognized in the interim period after the employee retreats. Workers' wages and obligations arising from their payment of social insurance premiums.

(d) Accounting treatment for other long-term employee benefits
Other long-term employee benefits provided by the Company to employees that meet the defined contribution plan shall be accounted for according to the defined contribution plan, and otherwise accounted for according to the set income plan.

(21)Income recognition principles and measurement methods
(a) Revenue from sales of goods
The transfer of the main risks and rewards of ownership of the goods to the purchaser does not retain the continuing management rights usually associated with the ownership, nor does it exercise effective control over the sold goods. The amount of income can be reliably measured, relevant The economic benefits are likely to flow into the enterprise, and the relevant sales revenues can be confirmed when the costs incurred or will occur can be reliably measured.

(b) Providing labor services
If the labor income is provided while satisfying the following conditions, it shall be confirmed:

If the results of the labor service transactions on the balance sheet date can be reliably estimated, the labor income will be recognized by the percentage of completion method. The results of providing labor services can be reliably estimated, which means that the following conditions are met:

①The amount of income can be measured reliably;
②The relevant economic benefits are likely to flow into the enterprise;
③The degree of completion of the transaction can be reliably determined;
④The costs incurred and incurred in the transaction can be measured reliably.

The company determines the completion schedule of the labor service transaction, and can use the following methods: ①Measurement of completed work. ②The labor services already provided account for the proportion of the total amount of labor provided. ③The proportion of costs that have occurred to the estimated total cost.

If the results of labor service transactions on the balance sheet date cannot be reliably estimated, they shall be dealt with as follows:

(1) If the labor costs incurred have been estimated to be compensated, the labor service income is recognized according to the amount of labor costs incurred, and the labor costs are carried forward at the same amount.
(2) If the labor costs incurred have not been compensated, the labor costs incurred will be included in the current profit and loss, and the income from the provision of labor services will not be recognized.

When the contract or agreement signed by the company with other enterprises includes the sale of goods and the provision of labor services, such as the sale of goods and the provision of labor services can be distinguished and separately measured, the sales of goods and the provision of labor services are handled separately; If the labor service part cannot be distinguished, or if it can be distinguished but cannot be separately measured, the contract is all treated as a sales item.

(c) Transfer of asset use rights
The following conditions can only be confirmed if the income from the transfer of asset use rights meets the following conditions:

(1) The relevant economic benefits are likely to flow into the enterprise;
(2) The amount of income can be reliably measured.

The income from the transfer of asset use rights includes interest income and royalty income. The amount of interest income shall be calculated and determined according to the time and actual interest rate of the use of the company's monetary funds by others. The amount of royalty income shall be calculated and determined in accordance with the time and method of charging as stipulated in the relevant contract or agreement.

(22)Government grants

Government grants refers to an enterprise that obtains monetary assets or non-monetary assets from the government without compensation.

Government grants are divided into government grants related to assets and government grants related to income. Government subsidies related to assets refer to government subsidies acquired by enterprises for the purpose of purchasing or constructing or otherwise forming long-term assets. Government grants related to income refer to government grants other than government grants related to assets.

Government grants can only be confirmed if they meet the following conditions:
①The enterprise can meet the conditions attached to the government subsidy;
②Enterprises can receive government subsidies.

If the government grants is a monetary asset, it is measured at the amount received or receivable. If a government grants is a non-monetary asset, it is measured at fair value; if the fair value cannot be obtained reliably, it is measured at the nominal amount.

(a) Judgment basis and accounting treatment method of government grants related to assets
Government grants related to assets are written off against the carrying amount of related assets or recognized as deferred income. If the government grants related to the assets are recognized as deferred income, they are included in profit or loss in a reasonable and systematic manner within the useful lives of the related assets. Government grants measured at nominal amounts are recognized directly in profit or loss.

If the relevant assets are sold, transferred, scrapped or damaged before the end of their useful lives, the balance of the relevant deferred income that has not been allocated shall be transferred to the profit and loss of the current period of disposal of the assets.

(b) Government grants judgment basis and accounting treatment method related to income
(1) If it is used to compensate the related costs or losses of the enterprise in the future period, it is recognized as deferred income, and is included in the current profit and loss or offset related costs in the period in which the related costs or losses are recognized;

(2) If it is used to compensate the related costs or losses incurred by the enterprise, it shall be directly included in the current profit and loss or offset related costs.

(c) If the policy preferential loan interest subsidy is obtained, the financial division will allocate the interest subsidy funds to the loan bank and the finance will directly distribute the interest subsidy funds to the enterprise, which are handled as follows:
(1) The government will allocate the interest subsidy funds to the loan bank. If the loan bank provides loans to the enterprise at a preferential interest rate, one of the following methods may be used for accounting treatment:

The borrowing amount actually received is used as the credited value of the borrowing, and the relevant borrowing costs are calculated according to the borrowing principal and the policy preferential interest rate.

The fair value of the borrowings is taken as the book value of the borrowings and the borrowing costs are calculated according to the actual interest rate method. The difference between the actual amount received and the fair value of the borrowings is recognized as deferred income. Deferred income is amortized over the period of the borrowing using the effective interest method to offset the related borrowing costs.

The company chose the first accounting treatment method mentioned above.

(2) The finance will directly distribute the interest-distribution funds to the enterprise, and offset the relevant interest on the relevant interest.

(d) If the confirmed government grants needs to be returned, it shall be accounted for in the current period when the return is required:
(1) If the book value of the relevant assets is written off at the initial confirmation, the book value of the assets shall be adjusted;
(2) If there is any related deferred income, the book balance of related deferred income is written off, and the excess is included in the current profit and loss;
(3) In other cases, it is directly included in the current profit and loss.

The government grants related to the assets are recognized as deferred income, and are included in the current profit and loss or offset the book value of the related assets in a reasonable and systematic manner within the useful lives of the related assets. If the government subsidies related to the income are used to compensate for the related costs or losses in the subsequent period, they are recognized as deferred income, and are included in the current profit and loss or offset related costs when the relevant costs or losses are recognized; If the relevant costs or losses have occurred, they are directly included in the current profit and loss or offset related costs.

At the same time, it includes government subsidies related to assets and income-related parts, and different parts are separately classified for accounting treatment; if it is difficult to distinguish, the whole is classified as government subsidies related to income.

(e) Government grants related to the daily activities of the company are included in other income or offset related costs according to the nature of the economic business; government grants not related to daily activities are included in the non-operating income and expenditure.

(23)Income tax, deferred income tax assets and deferred income tax liabilities
The difference between the book value of assets and liabilities and their tax base (when the items not recognized as assets and liabilities can be determined according to the tax law, the difference between the tax base and the book value). Deferred income tax assets or deferred income tax

liabilities are recognized in accordance with the applicable tax rates in the period in which the asset is recovered.

Income tax includes current income tax and deferred income tax. Except for the adjusted goodwill arising from the business combination, or the deferred income tax related to the transactions or events directly included in the owner's equity is included in the owner's equity, the income tax expense is included in the current profit and loss.

The Company recognizes the deferred income tax using the balance sheet liability method based on the temporary difference between the book value of the assets and liabilities at the balance sheet date and the tax base.

The taxable temporary differences are recognized in the related deferred tax liabilities unless the taxable temporary differences arise in the following transactions:

(1) Initial recognition of goodwill, or initial recognition of assets or liabilities arising from transactions with the following characteristics: The transaction is not a business combination, and the transaction does not affect accounting profits or taxable income;

(2) For taxable temporary differences related to investments in subsidiaries, joint ventures and associates, the timing of the reversal of the temporary differences can be controlled and the temporary differences are not likely to be reversed in the foreseeable future.

For deductible temporary differences, ability to carry forward the deductible losses and tax credits for subsequent years, the Company is likely to obtain deductible temporary differences, deductible losses and tax credits. The future taxable income is subject to the recognition of the deferred income tax assets arising therefrom, unless the deductible temporary difference arises in the following transactions:

(1) The transaction is not a business combination, and the transaction does not affect the accounting profit or the taxable income;
(2) For deductible temporary differences related to investments in subsidiaries, joint ventures and associates, and the following conditions are met, the corresponding deferred income tax assets are recognized: temporary differences are likely to be reversed in the foreseeable future. In the future, it is likely that the taxable income will be used to offset the deductible temporary difference.

On the balance sheet date, the Company measures the deferred income tax assets and deferred income tax liabilities at the applicable tax rates in the period in which the assets are recovered or settled, and reflects the income tax effects expected to be recovered or settled on the balance sheet date.

On the balance sheet date, the Company reviews the book value of deferred income tax assets. If it is probable that sufficient taxable income will not be available in the future to offset the benefits of deferred tax assets, the carrying amount of deferred tax assets is reduced. When it is probable that sufficient taxable income will be obtained, the amount of the write-down will be reversed.

(24) Leasing

The Company recognizes the leases that substantially transfer all the risks and rewards related to the ownership of the assets as finance leases, and other leases other than finance leases are recognized as operating leases.

(a) The company as a lessor

In the finance lease, the sum of the minimum lease collection amount and the initial direct expense of the Japanese company at the beginning of the lease is recorded as the credited value of the finance lease receivable, and the unguaranteed residual value is recorded; The difference between the sum of the minimum lease receipts, initial direct costs and unguaranteed residuals and their present value is recognized as unrealized financing income. The unrealized financing income is calculated by the actual interest rate method during each period of the lease term to confirm the current financing income.

For the leases in the operating leases, the Company recognizes the current profits and losses on a straight-line basis over the lease terms. The initial direct costs incurred are included in the current profit and loss.

(b) The company as a lessee

In the financial leasing, at the beginning of the lease, the Japanese company will use the lower of the fair value of the leased asset and the present value of the minimum lease payment as the book value of the leased asset, and the minimum lease payment amount as the book value of the long-term payable, the difference As unconfirmed financing charges. The initial direct cost is included in the value of the leased asset. The unrecognized financing expenses are calculated using the effective interest method in each period of the lease term to confirm the current financing expenses. The company uses the depreciation policy consistent with its own fixed assets to accrue the depreciation of leased assets.

The rentals in the operating leases are included in the relevant asset costs or current gains and losses on the straight-line method over the period of the lease term. The initial direct costs incurred are recognized in profit or loss.

(25) Hold for sale assets

(a) Recognition criteria for hold for sale assets

The non-current assets that meet the following conditions are classified into held for sale assets by the Company: First, the company has already made a resolution on the disposal of the non-current assets; second, the company has signed an irrevocable transfer agreement with the transferee; third, the transfer will be completed within one year.

(b) Accounting treatment of held for sale assets

For fixed assets held for sale, the Company adjusts the estimated net residual value of the fixed assets so that the estimated net residual value of the fixed assets reflects its fair value less the disposal expenses, but may not exceed the original book value of the fixed assets at the time of sale, the difference between the original book value and the estimated net residual value after adjustment, is included in the current profit and loss as the asset impairment loss.

Other non-current assets, such as intangible assets that are held for sale, are treated in accordance with the above principles, but do not include deferred income tax assets, financial assets as defined in the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments.

(26) Important accounting policies and accounting estimate change

(a) Changes in important accounting policies
None

(b) Changes in important accounting estimates during the reporting period of the company
None

(27) Correction of previous errors
The company adjusts the amount of some accounts at the beginning of the period according to the income tax settlement report and other matters as follows:

Item	Original disclosure amount for 2019	Disclosure amount after correction for 2019	Correct amount
Taxes payable	15,963,230.88	17,847,048.35	1,883,817.47
Undistributed profits	1,659,818,291.53	1,658,279,496.32	-1,538,795.21
Minority interest	400,746,838.92	400,401,816.66	-345,022.26
Income tax expenses	-5,880,444.07	-3,996,626.60	1,883,817.47

4 MAJOR TAXATION

(1) The main taxation and tax rates applicable to the company are as follows:

Taxation	Tax basis	Tax rate
Value added tax	Calculate the difference between the output tax on the taxable sales and the input tax deductible for the current period.	13%、9%、6%
City maintenance and construction tax payable	Turnover tax actually paid	5%、7%
Education surcharge	Turnover tax actually paid	3%
Local education surcharge	Turnover tax actually paid	2%
Corporate income tax	Taxable income	25%

5 NOTES ON MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Cash at bank and on hand

Items	2020.12.31	2019.12.31
Cash on hand	90,042.55	104,639.54
Cash at bank	5,496,180,955.71	5,896,988,516.11
Others	56,000,000.00	12,731,800.00
Total	**5,552,270,998.26**	**5,909,824,955.65**
Of which: total amount deposit abroad		

Note: other currency funds at the end of the period are RMB 56,000,000.00, which is the guarantee deposit of the company in the bank.

(2) Notes receivable

(a) Disclosure of notes receivable

Types	2020.12.31	2019.12.31
Bank acceptance		906,708.00
Commercial acceptance		
Total		**906,708.00**

(b) Notes receivable that the company has pledged at the end of the period: None

(c) Notes receivable that have been endorsed or discounted by the company at the end of the period and have not yet expired on the balance sheet date: None

(d) At the end of the period, the company converted the notes into accounts receivable due to the inability of the drawer to perform: None

(3) Accounts receivable

(a) Disclosure of accounts receivable

Types	2020.12.31				
	Carrying amount		Provision for bad debts		Book value
	Amounts	Proportion (%)	Amounts	Proportion (%)	
Accounts receivable with significant single amount and single provision for bad debts					
Accounts receivable for bad debt provision according to credit risk characteristics combination	564,785,044.39	100.00	11,295,700.90	2.00	553,489,343.49
Accounts receivable with insignificant single amount but with separate provision for bad debts					
Total	**564,785,044.39**	**100.00**	**11,295,700.90**	**2.00**	**553,489,343.49**

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Types	2019.12.31				
	Carrying amount		Provision for bad debts		Book value
	Amounts	Proportion (%)	Amounts	Proportion (%)	
Accounts receivable with significant single amount and single provision for bad debts					
Accounts receivable for bad debt provision according to credit risk characteristics combination	613,897,344.46	100.00	12,277,946.91	2.00	601,619,397.55
Accounts receivable with insignificant single amount but with separate provision for bad debts					
Total	**613,897,344.46**	**100.00**	**12,277,946.91**	**2.00**	**601,619,397.55**

i. At the end of the period, there is no accounts receivable with a single significant amount and provision for bad debts;

ii. The ageing of accounts receivable and related provision for bad debts are analyzed below:

Aging	2020.12.31			2019.12.31		
	Carrying amount		Provisions	Carrying amount		Provisions
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year (Including 1 year)	206,964,347.19	36.64	4,139,286.95	431,860,302.64	70.35	8,637,206.07
1 to 2 years (Including 2 year)	207,786,715.83	36.79	4,155,734.32	144,190,759.17	23.49	2,883,815.18
2 to 3 years (Including 3 year)	125,916,653.72	22.29	2,518,333.07	30,998,664.33	5.05	619,973.29
3 to 4 years (Including 4 year)	20,014,007.67	3.54	400,280.16	2,956,987.43	0.48	59,139.75
4 to 5 years (Including 5 year)	212,689.09	0.04	4,253.78	2,402,234.75	0.39	48,044.70
More than 5 years	3,890,630.89	0.69	77,812.62	1,488,396.14	0.24	29,767.92
Total	**564,785,044.39**	**100.00**	**11,295,700.90**	**613,897,344.46**	**100.00**	**12,277,946.91**

iii. At the end of the period, there is no accounts receivable that are not individually significant but are individually provisioned for bad debts;

(b) Provision for bad debts withdrawn, recovered or reversed in the current period:
In the current period, the provision for bad debts was RMB 0.00; in the current period, the amount of bad debt provision was RMB 982,246.01.

(c) There is no actual write-off of accounts receivable in the current period;

(d) Accounts receivable in the top five of the closing balance of the arrears:

Name	Amount	Proportion of the total balance of accounts receivable at the end of the period (%)	Bad debt provision
Zhengzhou Urban and Rural Construction Committee	194,262,692.92	34.40	3,885,253.86

Name	Amount	Proportion of the total balance of accounts receivable at the end of the period (%)	Bad debt provision
Zhengzhou Zhongyuan New District Management Committee	91,477,230.26	16.20	1,829,544.61
China Hydropower No. 11 Engineering Bureau (Zhengzhou) Co., Ltd.	74,827,695.99	13.25	1,496,553.92
China Water Resources and Hydropower Fifth Engineering Bureau Co., Ltd.	65,043,004.84	11.52	1,300,860.10
Tiejian Zhongyuan Engineering Co., Ltd.	30,182,985.45	5.34	603,659.71
Total	**455,793,609.46**	**80.71**	**9,115,872.20**

(e) At the end of the period, there is no receivable that was terminated due to the transfer of financial assets.

(f) At the end of the period, there is no transfer of accounts receivable and the amount of assets and liabilities that continue to be involved.

(4) Advances to suppliers

(a) The ageing of advances to suppliers is analyzed below:

Aging	2020.12.31		2019.12.31	
	Amount	Provision (%)	Amount	Provision (%)
Within1year (Include 1 year)	372,937,849.55	89.03	721,658,662.95	78.60
1 to 2 years (Include 2 year)	5,466,185.32	1.30	146,481,869.30	15.95
2 to 3 years (Include 3 year)	834,913.53	0.20	4,867.84	0.00
More than 3 years	39,662,155.00	9.47	50,010,000.00	5.45
Total	**418,901,103.40**	**100.00**	**918,155,400.09**	**100.00**

(b) Prepayments for the top five ending balances by prepaid objects:

Name	Amount	Proportion of the total balance of accounts receivable at the end of the period (%)
China Power Construction Road and Bridge Group Co., Ltd.	264,764,747.73	63.20
China Power Construction 11 Bureau Engineering Co., Ltd.	108,133,655.86	25.81
Zhengzhou Railway Administration Engineering Management Office	20,000,000.00	4.77
Zhengzhou Transportation Committee Financial Management Center	19,652,155.00	4.69
State Grid Henan Electric Power Company Zhengzhou Power Supply Company	4,213,000.00	1.01
Total	**416,763,558.59**	**99.48**

(5) Other receivables

(a) Other receivables are listed

Types	2020.12.31	2019.12.31
Interest receivables		
Dividend receivables		
Other receivables	2,400,706,906.61	2,398,411,265.52
Total	**2,400,706,906.61**	**2,398,411,265.52**

(b) Other receivables

(1) Disclosure of other receivables

Types	2020.12.31				
	Carrying amount		Provision for bad debts		Book value
	Amounts	Proportion (%)	Amounts	Proportion (%)	
Other receivable with significant single amount and single provision for bad debts					
Other receivable for bad debt provision according to credit risk characteristics combination	2,449,700,925.13	100.00	48,994,018.52	2.00	2,400,706,906.61
Other receivable with insignificant single amount but with separate provision for bad debts					
Total	**2,449,700,925.13**	**100.00**	**48,994,018.52**	**2.00**	**2,400,706,906.61**

(Continue)

Types	2019.12.31				
	Carrying amount		Provision for bad debts		Book value
	Amounts	Proportion (%)	Amounts	Proportion (%)	
Other receivable with significant single amount and single provision for bad debts					
Other receivable for bad debt provision according to credit risk characteristics combination	2,447,358,137.50	100.00	48,946,871.98	2.00	2,398,411,265.52
Other receivable with insignificant single amount but with separate provision for bad debts					
Total	**2,447,358,137.50**	**100.00**	**48,946,871.98**	**2.00**	**2,398,411,265.52**

(2) Other receivables with significant single amount and single provision for bad debts at the end of the period: None

(3) In the portfolio, other receivables for bad debt provision are accrued according to the percentage of balance method:

Aging	2020.12.31			2019.12.31		
	Carrying amount		Provisions	Carrying amount		Provisions
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year (Including 1 year)	75,781,951.14	3.09	1,515,639.03	66,564,560.01	2.72	1,331,000.42
1 to 2 years (Including 2 year)	55,690,788.67	2.27	1,113,815.77	75,694,931.87	3.09	1,513,898.65
2 to 3 years (Including 3 year)	26,932,503.89	1.10	538,650.07	283,895,446.70	11.60	5,677,908.93
3 to 4 years (Including 4 year)	282,384,776.20	11.53	5,647,695.53	428,211,906.84	17.50	8,564,238.14
4 to 5 years (Including 5 year)	416,653,476.84	17.01	8,333,069.54	732,445,778.55	29.93	14,648,915.57
More than 5 years	1,592,257,428.39	65.00	31,845,148.58	860,545,513.53	35.16	17,210,910.27
Total	**2,449,700,925.13**	**100.00**	**48,994,018.52**	**2,447,358,137.50**	**100.00**	**48,946,871.98**

(4) At the end of the period, there is no other receivable that is not significant but has a single provision for bad debts;

(5) Provision for bad debts withdrawn, recovered or reversed in the current period:
In the current period, the provision for bad debts was RMB 47,146.54, and the amount of bad debt provision recovered or transferred back in the current period was RMB 0.00.

(6) There are no other receivables actually written off during the period.

(7) Classification of other receivables by nature of the payment:

Nature	2020.12.31	2019.12.31
Security deposit		
Current payment	2,449,700,925.13	2,447,358,137.50
Total	**2,449,700,925.13**	**2,447,358,137.50**

(8) Other receivable in the top five of the closing balance of the arrears:

Name	Nature	2020.12.31	Aging	Proportion of the total balance of other receivables at the end of the period (%)	Bad debt
Zhengzhou Finance Bureau	Current payment	1,691,167,236.32	More than 3 years	69.04	33,823,344.73
Zhengzhou Municipal Engineering Construction Center	Current payment	362,297,621.83	Within 1 years; 3-5 years	14.79	7,245,952.44
State-owned Assets Supervision and Administrator Commission of Zhengzhou Municipal People's Government	Current payment	200,000,000.00	More than 5 years	8.16	4,000,000.00
Xinzheng Finance	Current	44,800,000.00	3-4 years	1.83	896,000.00

Name	Nature	2020.12.31	Aging	Proportion of the total balance of other receivables at the end of the period (%)	Bad debt
Bureau financial account	payment				
Zhongyuan District Cleanup Funding Project Leading Group	Current payment	30,000,000.00	Within 1 year	1.22	600,000.00
Total		**2,328,264,858.15**		**95.04**	**46,565,297.17**

(6) Inventories

(a) Inventory classification

Item	2020.12.31		
	Book balance	Provision	Book value
Development costs	11,828,462,515.79		11,828,462,515.79
Engineering construction	203,017,846.11		203,017,846.11
Stock goods	6,510,961.52		6,510,961.52
Raw material	917,577.10		917,577.10
Low value consumables	447,302.84		447,302.84
Reusable materials	415,192.41		415,192.41
Total	**12,039,771,395.77**		**12,039,771,395.77**

(Continued)

Item	2019.12.31		
	Book balance	Provision	Book value
Development costs	10,705,797,069.59		10,705,797,069.59
Engineering construction	106,453,432.94		106,453,432.94
Stock goods	30,854,251.50		30,854,251.50
Raw material	2,316,334.35		2,316,334.35
Low value consumables	194,585.73		194,585.73
Reusable materials	33,800.00		33,800.00
Total	**10,845,649,474.11**		**10,845,649,474.11**

(b) The breakdown of development costs is as follows:

Item	2020.12.31	2019.12.31
Jinshui Road West Extension Project	1,636,554,476.62	1,461,734,570.70
South Third Ring East Extension Project	3,077,961,051.34	2,912,202,242.77
Some road projects in Huiji District	251,579,926.04	231,575,248.61

Item	2020.12.31	2019.12.31
West Third Ring North Extension Project	385,333,145.04	331,114,690.69
107 East moved to the four port linkage line renovation project	15,474,118.70	15,473,147.69
107 National Road, North Fourth Road	354,642,095.88	276,908,427.47
Zhongzhou Avenue Interchange North and South Extension Project	533,000.00	533,000.00
Grand Theatre. Civic Activity Center Project	2,849,359,749.02	2,506,266,994.26
Project No. 6 in Changxi Lake Area, Zhengzhou City	359,000.00	359,000.00
Baijiazhuang Project	401,498,572.05	347,157,392.85
Liuggou Project	653,716,070.38	758,981,292.86
Northern Area Project Zhongyuan New District	1,782,586,675.32	1,533,651,862.28
Zhengzhou Chengjian Science and Technology Plaza Supporting Project	287,938,374.96	287,804,932.50
11 bus planning sites in Zhengzhou	61,089,722.89	33,937,830.40
Wenhua Road engineering	150,142.20	150,142.20
Jinshui East Road under the 107 auxiliary road tunnel project	3,971,449.64	3,971,449.64
Shangdu Road under the 107 auxiliary road tunnel project	3,974,844.67	3,974,844.67
Zhengzhou Parking Lot Program	61,740,101.04	
Total	**11,828,462,515.79**	**10,705,797,069.59**

The Company's inventory at the end of the period increased by RMB 1,194,121,921.66 compared with the beginning of the period, mainly due to the increase in development cost investment.

(7) Other current assets

Item	2020.12.31	2019.12.31
Tax to be deducted	482,840,591.14	318,429,439.19
Financial product	738,335.53	738,335.53
Others	9,934,200.00	10,534,200.00
Total	**493,513,126.67**	**329,701,974.72**

(8) Available-for-sale Financial Assets

(a) Available-for-sale Financial Assets

Item	2020.12.31			2019.12.31		
	Book balance	Provision	Book value	Book balance	Provision	Book value
1. Available-for-sale bonds						
2. Available-for-sale equity instruments						
Measured at fair value						
Measured by cost	9,360,000.00		9,360,000.00	2,360,000.00		2,360,000.00

56

Item	2020.12.31			2019.12.31		
	Book balance	Provision	Book value	Book balance	Provision	Book value
3. Others						
Total	**9,360,000.00**		**9,360,000.00**	**2,360,000.00**		**2,360,000.00**

(b) Details of available-for-sale financial assets measured at cost at the 2020.12.31

Investee	Book value				Provision				Shareholding ratio in invested units (%)	Cash bonus
	2019.12.31	Increase in the current period	Decrease in the current period	2020.12.31	2019.12.31	Increase in the current period	Decrease in the current period	2020.12.31		
Qiantang Renjia Co., Ltd	1,360,000.00			1,360,000.00					49.00	
Zhengzhou National Center City Industrial Development Fund Co., Ltd.	1,000,000.00	7,000,000.00		8,000,000.00					1.00	
Total	**2,360,000.00**	**7,000,000.00**		**9,360,000.00**						

(9) Long-term receivables

Items	2020.12.31		
	Book balance	Impairment provision	Book value
Jialu River Controlling PPP Project	2,825,370,520.50		2,825,370,520.50
Total	**2,825,370,520.50**		**2,825,370,520.50**

(Continue)

Items	2019.12.31		
	Book balance	Impairment provision	Book value
PPP project investment	1,303,766,489.07		1,303,766,489.07
Total	**1,303,766,489.07**		**1,303,766,489.07**

(10) Long-term equity investments

(a) Listing of long-term equity investments

Items	2020.12.31		
	Book balance	Impairment provision	Book value
Investment in subsidiaries			
Investment in joint ventures and cooperative enterprise	361,604,930.77		361,604,930.77
Total	**361,604,930.77**		**361,604,930.77**

(Continue)

Items	2019.12.31		
	Book balance	Impairment provision	Book value
Investment in subsidiaries			
Investment in joint ventures and cooperative enterprise	337,999,441.25		337,999,441.25
Total	**337,999,441.25**		**337,999,441.25**

(b)Investment in cooperative enterprise

Investee	2019.12.31	Changes in the current period			
		Additional investment	Reduce investment	Investment gains and losses recognized under the equity method	Other comprehensive income adjustment
China Power Construction (Zhengzhou) Urban Construction Investment Management Co., Ltd.	337,057,896.02			22,829,839.53	
Tianjin Guangkong City Investment Management Partnership (Limited Partnership)	941,545.23			2,875.00	
Zhengzhou Urban Construction Jucheng Thearte Management Co., Ltd.		500,000.00		272,774.99	
Total	**337,999,441.25**	**500,000.00**		**23,105,489.52**	

(Continue)

Investee	Changes in the current period				2020.12.31	Impairment reserve ending balance
	Other changes in equity	Declare cash dividends or profits	Provision for impairment	Other		
China Power Construction (Zhengzhou) Urban Construction Investment Management Co., Ltd.					359,887,735.55	
Tianjin Guangkong City Investment Management Partnership (Limited Partnership)					944,420.23	
Zhengzhou Urban Construction Jucheng Thearte Management Co., Ltd.					772,774.99	
Total					**361,604,930.77**	

(11) Investment properties

Item	2019.12.31	Increase in the current period		
		Purchase or injection	Self-use real estate or inventory transfer	Changes in fair value
1. Total cost	70,365,124.48			
Among them: a. Houses, buildings	70,365,124.48			
b. Land use rights				
2. Total changes in fair value	1,165,592.52			-64,145.92
Among them: a. Houses, buildings	1,165,592.52			-64,145.92
b. Land use rights				
3. Total book value	71,530,717.00			
Among them: a. Houses, buildings	71,530,717.00			
b. Land use rights				

(Continue)

Item	Decrease in the current period		2020.12.31
	Transfer out	Convert to self-use real estate	
1. Total cost			70,365,124.48
Among them: a. Houses, buildings			70,365,124.48
b. Land use rights			
2. Total changes in fair value			1,101,446.60
Among them: a. Houses, buildings			1,101,446.60
b. Land use rights			
3. Total book value			71,466,571.08
Among them: a. Houses, buildings			71,466,571.08
b. Land use rights			

(12) Fixed Assets

(a) Classified disclosure of fixed assets

Item	2020.12.31	2019.12.31
Fixed assets	101,175,418.25	113,363,118.36
Disposal of fixed assets	3,884.30	35,832.26
Total	**101,179,302.55**	**113,398,950.62**

(b) Details of fixed assets

Item	2019.12.31	Increase in the current period	Decrease in the current period	2020.12.31
1. The original value of the book:	303,135,197.09	2,882,766.14	7,936,772.48	298,081,190.75
Mechanical equipment	57,001,994.47	713,647.17	5,424,763.17	52,290,878.47
Transportation Equipment	2,996,517.10	473,097.36	283,568.00	3,186,046.46
Electronic equipment	8,041,484.73	470,038.68	724,125.41	7,787,398.00
Office equipment and others	8,837,320.46	883,197.19	1,279,875.90	8,440,641.75
Houses and buildings	226,257,880.33	342,785.74	224,440.00	226,376,226.07
2. Accumulated depreciation	189,772,078.73	12,261,397.18	5,127,703.41	196,905,772.50
Mechanical equipment	19,405,633.59	4,454,814.84	2,769,496.85	21,090,951.57
Transportation Equipment	2,849,501.09	81,806.41	275,060.96	2,656,246.54
Electronic equipment	6,025,751.68	414,908.27	123,245.92	6,317,414.03
Office equipment and others	4,569,242.84	1,186,637.75	1,746,681.68	4,009,198.91
Houses and buildings	156,921,949.53	6,123,229.92	213,218.00	162,831,961.45
3. Net book value:	113,363,118.36			101,175,418.25
Mechanical equipment	37,596,360.88			31,199,926.90
Transportation Equipment	147,016.01			529,799.92
Electronic equipment	2,015,733.05			1,469,983.97
Office equipment and others	4,268,077.62			4,431,442.84
Houses and buildings	69,335,930.80			63,544,264.62
4. Impairment preparation				
Mechanical equipment				
Transportation Equipment				
Electronic equipment				
Office equipment and others				
Houses and buildings				
5. Book value	113,363,118.36			101,175,418.25
Mechanical equipment	37,596,360.88			31,199,926.90
Transportation Equipment	147,016.01			529,799.92
Electronic equipment	2,015,733.05			1,469,983.97
Office equipment and others	4,268,077.62			4,431,442.84
Houses and buildings	69,335,930.80			63,544,264.62

(13) Construction in progress

Item	2019.12.31	Increase in the current period	Transferred to fixed assets	Other reduction amount	2020.12.31
Decoration fee	13,506,739.80	1,038,383.39		1,842,767.05	12,702,356.14
107 Four-standard operation and maintenance management project	37,252.42	12,823.76	50,076.18		

Item	2019.12.31	Increase in the current period	Transferred to fixed assets	Other reduction amount	2020.12.31
Urban Construction Technology Plaza Program	10,564,783.10	14,489,387.71			25,054,170.81
Other	134,000.00				134,000.00
Total	**24,242,775.32**	**15,540,594.86**	**50,076.18**	**1,842,767.05**	**37,890,526.95**

(14) Intangible assets

Item	Land use rights	Patent license	Unpatented technology	Software	Total
1. The original value of the book:					
(1) 2019.12.31	28,272,181.77	5,901,092,500.00		99,313.10	5,929,463,994.87
(2) Increase in the current period					
a. Purchase	89,484.00				89,484.00
b. Internal research and development					
c. Other increases					
(3) Decrease in the current period					
a. Disposal					
b. Other decreases					
(4) 2020.12.31	28,361,665.77	5,901,092,500.00		99,313.10	5,929,553,478.87
2. Accumulated depreciation					
(1) 2019.12.31	1,436,551.05	1,180,221,134.32		60,711.40	1,181,718,396.77
(2) Increase in the current period	680,014.20	393,403,532.37		14,077.68	394,097,624.25
a. Provision	680,014.20	393,403,532.37		14,077.68	394,097,624.25
b. Other increases					
(3) Decrease in the current period					
a. Disposal					
b. Other decreases					
(4) 2020.12.31	2,116,565.25	1,573,624,666.69		74,789.08	1,575,816,021.02
3. Impairment preparation					
(1) 2019.12.31					
(2) Increase in the current period					
a. Provision					
b. Other increases					
(3) Decrease in the current period					
a. Disposal					

Item	Land use rights	Patent license	Unpatented technology	Software	Total
b. Other decreases					
(4) 2020.12.31					
4. Book value					
(1) 2020.12.31	26,245,100.52	4,327,467,833.31		24,524.02	4,353,737,457.85
(2) 2019.12.31	26,835,630.72	4,720,871,365.68		38,601.70	4,747,745,598.10

Note: The patent license is the PPP project of the subsidiary Zhengzhou Chengfa Huantong Industrial Co., Ltd.

(15) Long-term deferred expenses

Item	2019.12.31	Increase in the current period	Amortization	Other decrease	2020.12.31
Office building renovation	4,341,134.20	3,069,971.03	1,106,456.54	540,000.00	5,764,648.69
House rental fee	158,271.44	295,200.00	305,871.44		147,600.00
North Fourth Ring Liang Factory	9,875,864.05		9,875,864.05		
Tianjin Hongsheng Leasing Service fee		9,380,000.00	446,000.00		8,934,000.00
Total	14,375,269.69	12,745,171.03	11,734,192.03	540,000.00	14,846,248.69

(16) Deferred tax assets and Deferred tax liabilities

(a) Deferred income tax assets without offset

Item	2020.12.31		2019.12.31	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
(1) Provision for bad debts	60,289,719.42	15,072,429.84	61,224,818.89	15,306,204.72
(2) Provision for inventory depreciation				
(3) Long-term investment impairment provision				
(4) Provision for impairment of fixed assets				
(5) Dismissal benefits				
(6) Payroll balance payable				
(7) Depreciation of fixed assets				
(8) Deductible losses	498,298,038.00	124,574,509.50	386,909,191.24	96,727,297.81
Total	**558,587,757.42**	**139,646,939.34**	**448,134,010.13**	**112,033,502.53**

(b) Deferred income tax liabilities without offset

Item	2020.12.31		2019.12.31	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities

Item	2020.12.31		2019.12.31	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
(1) Gains and losses from changes in fair value	1,101,446.60	275,361.65	1,165,592.52	291,398.13
Total	**1,101,446.60**	**275,361.65**	**1,165,592.52**	**291,398.13**

(17) Other non-current assets

Item	2020.12.31	2019.12.31
Municipal infrastructure	14,590,496,418.25	14,590,496,418.25
National Technology Transfer Zhengzhou Center Co-construction Project	120,000,000.00	
The Third-Ring Road Rapid Project PPP Project Upgrade and Remediation Project	7,380,217.45	
Total	**14,717,876,635.70**	**14,590,496,418.25**

Note: According to the government's position on the company's recorded municipal infrastructure assets, and the Company’s relevant resolutions, starting from January 1, 2017, the accounting presentation of such assets will be adjusted from fixed assets to other non-current assets. No depreciation treatment will be made.

(18) Short-term borrowings

(a) Classification

Item	2020.12.31	2019.12.31
Pledged loan		
Mortgage loan		
Guaranteed loan		10,000,000.00
Credit loan	130,800,000.00	800,000.00
Total	**130,800,000.00**	**10,800,000.00**

(b) At the end of the period, there are no short-term loans that have been overdue.

(c) There was no guaranteed loan in current period.

(19) Accounts payable

Details of accounts payables

Aging	2020.12.31	2019.12.31
Within 1 year (Include 1 year)	114,683,230.24	77,319,461.48
1-2 years(Include 2 years)	11,717,842.35	3,554,096.75
2-3 years(Include 3 years)	1,965,299.38	5,487,352.67
More than 3 years	893,653,468.28	1,164,982,298.38

Aging	2020.12.31	2019.12.31
Total	**1,022,019,840.25**	**1,251,343,209.28**

(20) Advances from customers

Aging	2020.12.31	2019.12.31
Within 1 year (Include 1 year)	46,661,292.81	5,353,345.91
1-2 years(Include 2 years)		10,115,379.71
2-3 years(Include 3 years)		374,079.82
More than 3 years		
Total	**46,661,292.81**	**15,842,805.44**

(21) Payroll payable

(a) Payroll payable

Item	2019.12.31	Increase in the current period	Decrease in the current period	2020.12.31
1.Short-term compensation	3,754,276.27	99,588,099.30	98,809,004.74	4,533,370.83
2. Post discharge benefits - defined contribution plan	1,838.37	14,408,710.78	14,408,710.78	1,838.37
3. Termination benefits				
4. Other benefits due within one year				
Total	**3,756,114.64**	**113,996,810.08**	**113,217,715.52**	**4,535,209.20**

(b) Disclosure of Short-term compensation

Items	2019.12.31	Increase in the current period	Decrease in the current period	2020.12.31
1.Wages and salaries, bonuses, allowances and subsidies	69,498.11	80,880,934.01	80,860,918.98	89,513.14
2. Staff welfare		3,280,982.72	3,280,982.72	
3.Social security contributions	977.52	6,290,565.45	6,290,565.45	977.52
Including: Medical insurance	977.52	5,961,530.19	5,961,530.19	977.52
Work injury insurance		44,730.44	44,730.44	
Maternity insurance		284,304.82	284,304.82	
4. Housing funds	2,154.00	7,220,570.20	7,220,570.20	2,154.00
5.Labor union funds and employee education funds	3,681,646.64	1,915,046.92	1,155,967.39	4,440,726.17
6. Short-term absence with compensation				
7. Short-term profit sharing plan				
Total	**3,754,276.27**	**99,588,099.30**	**98,809,004.74**	**4,533,370.83**

(c) Disclosure of defined contribution plan

Item	2019.12.31	Increase in the current period	Decrease in the current period	2020.12.31
1. Basic pension	1,621.40	2,838,907.52	2,838,907.52	1,621.40
2. Unemployment insurance	216.97	1,890,189.46	1,890,189.46	216.97
3. Corporate pension		9,679,613.80	9,679,613.80	
Total	**1,838.37**	**14,408,710.78**	**14,408,710.78**	**1,838.37**

(22) Taxes payable

Items	2020.12.31	2019.12.31
Value added tax	6,729,964.70	1,382,515.10
Corporate income tax	21,884,269.76	15,245,197.68
Individual income tax	356,087.38	126,052.20
City maintenance and construction tax	364,725.07	100,557.30
Stamp tax	87,203.04	19,792.14
House tax	417,208.41	441,458.34
Land use tax	815,793.70	434,715.00
Educational surcharge	203,048.27	59,629.94
Local education surcharge	124,828.37	37,130.65
Environment protecting fee	1,669.15	
Total	**30,984,797.85**	**17,847,048.35**

(23) Other payables

(a) Other payables are listed:

Types	2020.12.31	2019.12.31
Interest payable	172,798,738.57	129,046,354.87
Other payables	551,157,553.56	490,042,913.87
Total	**723,956,292.13**	**619,089,268.74**

(b) Interests payable

Item	2020.12.31	2019.12.31
Northeast Securities Non-public Debt Financing		16,500,000.00
Medium-term notes		16,937,500.00
Debt financing plan	1,478,070.78	1,501,844.27
PPN bonds		16,800,000.00
19 Chengjian 01 Bond	34,500,000.00	34,500,000.00

Item	2020.12.31	2019.12.31
19 Chengjian 02 Bond	16,415,000.00	16,415,000.00
19 Chengjian 03 Bond	7,420,000.00	7,420,000.00
19 Chengjian dollar bond	18,595,965.00	10,382,911.00
Bank loan interest	5,056,917.78	4,927,766.14
Finance lease interest	89,332,785.01	3,661,333.46
Total	**172,798,738.57**	**129,046,354.87**

(c) Listing other payables by age

Items	2020.12.31	2019.12.31
Within 1 year	281,515,530.01	156,642,476.53
1-2 years	13,459,044.40	81,414,123.45
2-3 years	10,878,737.45	235,279,864.53
More than 3 years	245,304,241.70	16,706,449.36
Total	**551,157,553.56**	**490,042,913.87**

(d) Important other payables aged over one year are mainly the premiums collected.

(24) Non-current liabilities due within one year

(a) Non-current liabilities due within one year

Item	2020.12.31	2019.12.31
Long-term borrowings due within one year	2,757,660,302.52	3,015,663,511.62
Long-term payables due within one year		
Bonds payables due within one year	623,800,000.00	398,958,490.58
Total	**3,381,460,302.52**	**3,414,622,002.20**

Note: bonds payable within one year are the adjustment of principal and interest 18 bond financial plan, 20 bond financial plan first phase, 20 bond financial plan second phase, 20 bond financial plan third phase, 20 bond financial plan fourth phase.

(b) Long-term borrowings due within one year

(1) Long-term borrowings due within one year

Types	2020.12.31	2019.12.31
Guaranteed loan	527,900,000.00	300,000,000.00
Mortgage loan		
Credit loan	2,229,760,302.52	2,715,663,511.62
Total	**2,757,660,302.52**	**3,015,663,511.62**

Note 1: Among the long-term borrowings due within one year, there is no amount of overdue loans that are renewed.

(2) Long-term borrowings details due within one year

Name	Borrowing date	Termination date	Currency	Rate	2020.12.31 Local currency amount	2019.12.31 Local currency amount
Industrial and Commercial Bank of China Zhengzhou Longxi Branch	2015.09.29	2020.09.28	RMB	5 years LPR +25bp		120,000,000.00
Industrial and Commercial Bank of China Zhengzhou Longxi Branch	2016.06.07	2021.11.15	RMB	5 years LPR +25bp	18,880,000.00	18,880,000.00
Industrial and Commercial Bank of China, Henan Branch	2016.12.19	2021.12.15	RMB	5 years LPR +25bp	13,540,000.00	13,540,000.00
Industrial and Commercial Bank of China, Henan Branch	2016.12.19	2021.12.15	RMB	5 years LPR +25bp	5,420,000.00	5,420,000.00
No.5 mining International Trust	2016.05.05	2021.11.05	RMB	基准上浮 7%	29,500,000.00	59,000,000.00
Shangshi Financial Leasing Co., Ltd.	2016.08.03	2021.07.30	RMB	5.55%	55,000,000.00	32,500,000.00
Industrial and Commercial Bank of China Zhengzhou Longxi Branch	2017.03.15	2021.9.15	RMB	5 years LPR +25bp	17,210,000.00	17,210,000.00

Name	Borrowing date	Termination date	Currency	Rate	2020.12.31	2019.12.31
					Local currency amount	Local currency amount
Industrial and Commercial Bank of China Zhengzhou Longxi Branch	2017.03.25	2021.10.15	RMB	5 years LPR +25bp	880,000.00	880,000.00
Industrial and Commercial Bank of China Zhengzhou Longxi Branch	2017.04.01	2021.12.15	RMB	5 years LPR +25bp	10,880,000.00	10,880,000.00
Industrial and Commercial Bank of China Zhengzhou Longxi Branch	2017.06.19	2021.12.15	RMB	5 years LPR +25bp	4,580,000.00	4,580,000.00
Industrial and Commercial Bank of China Zhengzhou Longxi Branch	2017.06.19	2021.12.15	RMB	5 years LPR +25bp	20,000.00	20,000.00
Huaxia Bank Zhengzhou Branch Sales Department	2017.04.06	2020.04.06	RMB	4.75%		95,000,000.00
Huaxia Bank Zhengzhou Branch Sales Department	2017.08.25	2020.08.25	RMB	4.99%		95,000,000.00
China Bank Zhengzhou Zhongyuan Branch	2017.03.29	2021.9.30	RMB	5 years LPR +25bp	11,875,000.00	

Name	Borrowing date	Termination date	Currency	Rate	2020.12.31	2019.12.31
					Local currency amount	Local currency amount
Zheshang Bank Zhengzhou Branch Sales Department 20008	2017.04.01	2021.9.30	RMB	1 years LPR +90bp	1,000,000.00	1,000,000.00
Guangfa Bank Zhengzhou Huanghe Road Sub-branch	2018.01.09	2021.01.09	RMB	1 years LPR+113.75bp	425,000,000.00	30,000,000.00
Shanghai Pudong Development Bank Baihua Road Branch	2018.01.12	2021.01.12	RMB	1 years LPR+113.75bp	98,000,000.00	60,000,000.00
Shanghai Pudong Development Bank Baihua Road Branch	2018.04.10	2021.04.10	RMB	1 years LPR +145bp	148,000,000.00	90,000,000.00
Shanghai Pudong Development Bank Baihua Road Branch	2018.06.11	2021.06.11	RMB	1 years LPR +145bp	98,000,000.00	60,000,000.00
Shanghai Pudong Development Bank Baihua Road Branch	2018.06.11	2021.06.11	RMB	1 years LPR +145bp	148,000,000.00	90,000,000.00
Zhongyuan Trust	2018.02.09	2021.02.09	RMB	6.60%	320,000,000.00	40,000,000.00
Xinhua Trust 0016	2018.06.05	2020.06.05	RMB	7.80%		60,000,000.00

Name	Borrowing date	Termination date	Currency	Rate	2020.12.31	2019.12.31
					Local currency amount	Local currency amount
Minsheng Bank Zhengzhou Jianshe Road Branch（0062）	2018.12.24	2020.12.24	RMB	5.70%		99,000,000.00
Zhengzhou Bank Zhongyuan Road Branch	2018.01.30	2020.11.18	RMB	4.90%		11,260,000.00
Bank of Communications Zhengzhou New District Branch	2019.02.28	2021.8.28	RMB	5.90%	1,000,000.00	1,000,000.00
Bank of Communications Zhengzhou New District Branch	2019.01.04	2021.06.21	RMB	1 years LPR +65bp	5,000,000.00	100,000,000.00
Postal Bank Henan Branch	2019.03.20	2021.12.20	RMB	5.42%	44,146,602.52	87,477,661.62
Bank of China Zhengzhou Longxi Branch	2017.06.16	2020.06.15	RMB	The benchmark interest rate is up 10%		100,000,000.00
Bank of China Zhengzhou Longxi Branch	2018.12.21	2021.12.21	RMB	6.50%	350,000,000.00	100,000,000.00
China Merchants Bank Zhengzhou Branch	2017.09.29	2020.09.28	RMB	5.50%		100,000,000.00
Zhongyuan Trust	2018.09.07	2020.09.07	RMB	6.72%		850,000,000.00
Huaxin International Trust	2020.4.16	2021.10.16	RMB	1 years LPR +45bp	20,000,000.00	

Name	Borrowing date	Termination date	Currency	Rate	2020.12.31	2019.12.31
					Local currency amount	Local currency amount
Ping An International Financial Leasing	2020.8.13	2021.8.13	RMB	1 years LPR +85bp	1,000,000.00	
Agricultural Bank of China Longxi Branch	2020.9.03	2021.9.02	RMB	1 years LPR +65bp	2,000,000.00	
Entrusted debt investment (Zhengzhou Bank Xijiancai Branch)	2018.02.08	2021.12.21	RMB	5 years LPR+25bp	7,140,000.00	
China Post Provincial Branch 0012 (China Everbright Xinglong Trust)	2018.04.13	2021.12.21	RMB	5 years LPR+25bp	2,140,000.00	
Financial Direct Financing Tool (Ping An Zheng Sub-Camp)	2018.12.26	2021.12.21	RMB	4.90%	1,980,000.00	
Zhongyuan Bank Sales Department	2017.11.03	2021.12.31	RMB	5 years LPR+39.7bp	23,403,000.00	23,403,000.00
Construction Bank Zhenggang Branch	2018.01.12	2021.12.31	RMB	5 years LPR+25bp	15,000,000.00	15,000,000.00
Construction Bank Zhenggang Branch	2017.09.27	2021.9.21	RMB	5 years LPR+25bp	157,140,000.00	157,140,000.00

Name	Borrowing date	Termination date	Currency	Rate	2020.12.31	2019.12.31
					Local currency amount	Local currency amount
Industrial and Commercial Bank of China Zhengzhou Longxi Branch	2018.01.19	2021.9.21	RMB	5 years LPR+25bp	28,580,000.00	28,580,000.00
CITIC Bank Huanghe Road Branch	2018.03.27	2021.9.21	RMB	5 years LPR+25bp	23,560,000.00	23,560,000.00
China Bank Zhengzhou Zhongyuan Branch	2017.09.29	2021.12.21	RMB	5 years LPR+25bp	15,000,000.00	15,000,000.00
China Bank Zhengzhou Zhongyuan Branch	2017.09.30	2021.12.21	RMB	5 years LPR+74bp	15,000,000.00	15,000,000.00
Zhongyuan Bank Sales Department	2016.03.17	2021.03.16	RMB	6.80%	399,900,000.00	300,000,000.00
Yuandong International Financial Leasing Co., Ltd.	2020.11.13	2021.11.13	RMB		48,000,000.00	
CCB Zhenggang Sub-branch	2018.10.10	2021.12.20	RMB	5 years LPR +34.5bp	46,200,000.00	44,970,000.00
CCB Zhenggang Sub-branch	2019.01.02	2021.12.20	RMB	5 years LPR +10bp	16,200,000.00	3,220,000.00
CCB Zhenggang Sub-branch	2019.03.22	2021.12.20	RMB	5 years LPR -14.5bp	37,200,000.00	
Agricultural Bank of China High-tech Sub-branch	2019.02.01	2021.12.20	RMB	5 years LPR +10bp	200,000.00	
Agricultural Bank of China High-tech Sub-branch	2019.03.22	2021.12.20	RMB	5 years LPR +10bp	426,000.00	

Name	Borrowing date	Termination date	Currency	Rate	2020.12.31	2019.12.31
					Local currency amount	Local currency amount
Agricultural Bank of China High-tech Sub-branch	2019.09.24	2021.12.20	RMB	5 years LPR -14.5bp	494,000.00	
Agricultural Bank of China High-tech Sub-branch	2020.01.18	2021.12.20	RMB	5 years LPR -24.3bp	200,000.00	
Agricultural Bank of China High-tech Sub-branch	2020.03.27	2021.12.20	RMB	5 years LPR -34bp	540,000.00	
Industrial and Commercial Bank of China Zhengzhou Longxi Branch	2019.03.21	2021.12.01	RMB	1 years LPR +34.5bp	46,680,000.00	30,000,000.00
Industrial and Commercial Bank of China Zhengzhou Longxi Branch	2020.01.19	2021.12.01	RMB	5 years LPR -30.5bp	13,360,000.00	
Industrial and Commercial Bank of China Zhengzhou Longxi Branch	2020.03.20	2021.12.01	RMB	5 years LPR -34bp	16,100,000.00	
CITIC Bank Huanghe Road Branch	2019.04.25	2021.10.25	RMB	5 years LPR +0.5bp	14,285,700.00	7,142,850.00
Total					**2,757,660,302.52**	**3,015,663,511.62**

(25) Long-term borrowings

(a) Long-term borrowing classification

Item	2020.12.31	2019.12.31
Mortgaged loan	11,970,000.00	16,630,000.00

Item	2020.12.31	2019.12.31
Guaranteed loan	1,872,000,000.00	1,199,900,000.00
Credit loan	9,760,489,217.98	11,263,729,520.50
Total	**11,644,459,217.98**	**12,480,259,520.50**

(b) Description of long-term borrowing classification

Name	Borrowing date	Termination date	Currency	Rate	2020.12.31	2019.12.31
					Local currency amount	Local currency amount
Industrial and Commercial Bank of China Zhengzhou Longxi Branch	2016.06.07	2026.06.15	RMB	5 years LPR+25bp	143,920,000.00	162,800,000.00
Industrial and Commercial Bank of China Zhengzhou Longxi Branch	2016.12.19	2041.12.18	RMB	5 years LPR+25bp	460,420,000.00	473,960,000.00
Industrial and Commercial Bank of China, Henan Branch	2016.12.19	2041.12.18	RMB	5 years LPR+25bp	184,160,000.00	189,580,000.00
No.5 mining International Trust	2016.05.05	2021.11.05	RMB	The benchmark interest rate is up 7%		29,500,000.00
Shangshi Financial Leasing Co., Ltd.	2016.08.03	2021.07.30	RMB	0.0555		55,000,000.00
Industrial and Commercial Bank of China Zhengzhou Longxi Branch	2017.03.15	2042.03.15	RMB	5 years LPR+25bp	357,210,000.00	374,420,000.00
Industrial and Commercial Bank of China Zhengzhou Longxi Branch	2017.03.25	2027.03.09	RMB	5 years LPR+25bp	7,580,000.00	8,460,000.00
Industrial and Commercial	2017.04.01	2041.12.18	RMB	5 years LPR+25bp	368,240,000.00	379,120,000.00

Name	Borrowing	Termination	Currency	Rate	2020.12.31	2019.12.31
Bank of China Zhengzhou Longxi Branch						
Industrial and Commercial Bank of China Zhengzhou Longxi Branch	2017.06.19	2040.06.15	RMB	5 years LPR+25bp	160,260,000.00	164,840,000.00
Industrial and Commercial Bank of China Zhengzhou Longxi Branch	2017.06.19	2040.06.16	RMB	5 years LPR+25bp	940,000.00	960,000.00
China Merchants Bank Zhongyuan Branch	2017.03.29	2042.03.28	RMB	5 years LPR+25bp	238,125,000.00	250,000,000.00
Zheshang Bank Zhengzhou Branch Sales Department 20008	2017.04.01	2022.03.31	RMB	1 years LPR +90bp	95,500,000.00	96,500,000.00
Zhongyuan Trust 8218	2019.02.28	2022.02.28	RMB	0.059	197,500,000.00	198,500,000.00
Huaxin International Turst 0773	2019.01.04	2022.01.03	RMB	1 years LPR +65bp	295,000,000.00	300,000,000.00
Pinan International Financial Leasing	2019.03.20	2024.03.20	RMB	0.05424	69,574,767.98	113,721,370.50
PICC Capital Credit Investment Plan (Huaxia Zheng Branch)	2019.02.28	2022.02.28	RMB	0.063	370,000,000.00	370,000,000.00
PICC Capital Credit Investment Plan (Huaxia Zheng Branch)	2019.02.28	2022.02.28	RMB	0.063	430,000,000.00	430,000,000.00
Pacific Debt Investment Plan	2020.3.20	2030.3.20	RMB	0.054	500,000,000.00	

Name	Borrowing	Termination	Currency	Rate	2020.12.31	2019.12.31
(CITIC Bank)						
Pacific Debt Investment Plan (Zhongyuan Bank)	2020.4.15	2030.4.15	RMB	0.052	500,000,000.00	
CITIC Bank Huanghe Road Branch	2020.4.16	2022.6.19	RMB	1 years LPR +45bp	70,000,000.00	
Minsheng Bank	2020.8.13	2022.8.13	RMB	1 years LPR +85bp	199,000,000.00	
Everbright Bank Huayuan Road Sub-branch	2020.9.03	2022.9.02	RMB	1 years LPR +65bp	298,000,000.00	
Guangfa Bank Zhengzhou Huanghe Road Sub-branch	2018.01.09	2021.01.09	RMB	1 years LPR+113.75bp		425,000,000.00
Shanghai Pudong Development Bank Baihua Road Branch	2018.01.12	2021.01.11	RMB	1 years LPR+113.75bp		98,000,000.00
Shanghai Pudong Development Bank Baihua Road Branch	2018.04.10	2021.04.10	RMB	1 years LPR +145bp		148,000,000.00
Shanghai Pudong Development Bank Baihua Road Branch	2018.06.11	2021.06.11	RMB	1 years LPR +145bp		98,000,000.00
Shanghai Pudong Development Bank Baihua Road Branch	2018.06.11	2021.06.11	RMB	1 years LPR +145bp		148,000,000.00
Zhongyuan Trust	2018.02.09	2021.02.09	RMB	0.066		320,000,000.00
Xinhua Trust 0016	2018.06.05	2021.06.05	RMB	0.078		480,000,000.00
Entrusted debt investment	2018.12.21	2021.12.21	RMB	0.065		350,000,000.00

Name	Borrowing	Termination	Currency	Rate	2020.12.31	2019.12.31
Zhonghai Trust	2019.05.23	2020.11.24	RMB	0.068		150,000,000.00
Bank of Communications Zhengzhou Freed Trade District Branch	2017.11.03	2031.12.31	RMB	5 years LPR+39.7bp	374,448,000.00	397,851,000.00
Bank of Communications Zhengzhou Freed Trade District Branch	2018.01.12	2031.12.31	RMB	5 years LPR+25bp	240,000,000.00	255,000,000.00
China Postal Savings Bank Co., Ltd. Henan Branch Direct Sub-branch	2017.09.27	2032.01.26	RMB	5 years LPR+25bp	1,650,010,000.00	1,807,150,000.00
China Postal Savings Bank Co., Ltd. Henan Branch Direct Sub-branch	2018.01.19	2032.01.26	RMB	5 years LPR+25bp	299,970,000.00	328,550,000.00
China Postal Savings Bank Co., Ltd. Henan Branch Direct Sub-branch	2018.03.27	2032.01.26	RMB	5 years LPR+25bp	247,540,000.00	271,100,000.00
China Merchants Bank Zhengzhou Branch	2017.09.29	2032.09.29	RMB	5 years LPR+25bp	232,500,000.00	247,500,000.00
China Merchants Bank Zhengzhou Branch	2017.09.30	2032.09.30	RMB	5 years LPR+74bp	232,500,000.00	247,500,000.00
China Merchants Bank Zhengzhou Tongbai Road Sub-branch	2018.02.08	2031.11.18	RMB	5 years LPR+25bp	71,440,000.00	78,580,000.00
China Merchants Bank Zhengzhou Tongbai Road	2018.04.13	2031.11.18	RMB	5 years LPR+25bp	21,440,000.00	23,580,000.00

Name	Borrowing	Termination	Currency	Rate	2020.12.31	2019.12.31
Sub-branch						
China Merchants Bank Zhengzhou Tongbai Road Sub-branch	2018.12.26	2031.11.18	RMB	0.049	19,810,000.00	21,790,000.00
Construction Bank Zhenggang Sub-branch	2019.01.02	2032.09.26	RMB	5 years LPR +10bp	185,200,000.00	156,780,000.00
Construction Bank Zhenggang Sub-branch	2018.10.10	2032.09.26	RMB	5 years LPR+34.5bp	506,100,000.00	551,130,000.00
Construction Bank Zhenggang Sub-branch	2019.03.22	2032.09.26	RMB	5 years LPR-14.5bp	401,600,000.00	440,000,000.00
Agricultural Bank Zhengzhou High-tech Development Zone Sub-branch	2019.02.01	2035.01.28	RMB	5 years LPR +10bp	99,800,000.00	33,000,000.00
Agricultural Bank Zhengzhou High-tech Development Zone Sub-branch	2019.03.22	2035.01.28	RMB	5 years LPR +10bp	212,574,000.00	280,000,000.00
Agricultural Bank Zhengzhou High-tech Development Zone Sub-branch	2019.09.24	2035.01.28	RMB	5 years LPR-14.5bp	246,506,000.00	247,000,000.00

Name	Borrowing	Termination	Currency	Rate	2020.12.31	2019.12.31
Agricultural Bank Zhengzhou High-tech Development Zone Sub-branch	2020.01.18	2035.01.28	RMB	5 years LPR -24.3bp	99,800,000.00	
Agricultural Bank Zhengzhou High-tech Development Zone Sub-branch	2020.03.27	2035.01.28	RMB	5 years LPR -34bp	269,460,000.00	
Industrial and Commercial Bank of Longxi Branch	2019.03.21	2033.12.31	RMB	1 years LPR +34.5bp	629,980,000.00	670,000,000.00
Industrial and Commercial Bank of Longxi Branch	2020.01.19	2033.12.31	RMB	5 years LPR -30.5bp	179,960,000.00	
Industrial and Commercial Bank of Longxi Branch	2020.03.20	2033.12.31	RMB	5 years LPR -34bp	215,850,000.00	
CITIC Bank Huanghe Road Branch	2019.04.25	2034.04.25	RMB	5 years LPR +0.5bp	178,571,450.00	192,857,150.00
Yuandong International Financial Leasing Co., Ltd.	2020.11.13	2025.11.13	RMB		72,000,000.00	
Zhongyuan Bank Zhengzhou Branch Sales Department	2016.03.17	2021.03.16	RMB	0.068		399,900,000.00
Industrial and Commercial Bank of China Wulibao Branch	2014.10.28	2022.10.30	RMB	5 years LPR+123bp	11,970,000.00	16,630,000.00

Name	Borrowing	Termination	Currency	Rate	2020.12.31	2019.12.31
Total					**11,644,459,217.98**	**12,480,259,520.50**

Note 1: At the end of the period, the RMB 800 million of the guaranteed loans was obtained by the company through the PICC-Zhengzhou Urban Construction Debt Investment Plan, RMB 500 million was obtained through the Pacific Debt Investment Plan (CITIC Bank), and RMB 500 million was obtained through the Pacific Debt Investment Plan (Zhongyuan). Guaranteed by Zhengzhou Real Estate Group Co., Ltd.;

Note 2: Mortgage loans are mortgaged by the building of the Huanghe Hotel in Zhengzhou, a subsidiary company.

(26) Bonds payable

Item	Bond period	Nominal value	Interest adjustment	Issue amount
17 Zhengzhou Chengjian Bond 01	2017.03.14-2021.03.13			
17 Zhengzhou Chengjian MTN001	2017.06.28-2022.06.28	300,000,000.00	4,245,283.02	295,754,716.98
17 Zhengzhou Chengjian MTN002	2017.09.04-2022.09.05	700,000,000.00	9,905,660.38	690,094,339.62
18 Yu Zhengzhou Chengjian ZR001	2018.09.17-2021.09.17	500,000,000.00	1,800,000.00	498,200,000.00
19 Chengjian 01 Bond	2019.03.26-2024.03.26	1,000,000,000.00	7,075,471.70	992,924,528.30
19 Chengjian 02 Bond	2019.04.19-2024.04.19	500,000,000.00	3,537,735.84	496,462,264.16
19 Zhengzhou Chengjian PPN001	2019.03.29-2022.03.29	500,000,000.00	4,245,283.01	495,754,716.99
19 Chengjian 03 Bond	2019.08.26-2024.08.26	500,000,000.00	3,537,735.84	496,462,264.16
19 dollar bond	2019.11.14-2022.11.14	1,957,470,000.00	24,716,909.70	1,932,753,090.30
20 dollar bond	2020.01.16-2025.01.16	1,304,980,000.00	23,080,924.70	1,281,899,075.30
20 Zhengjian 01	2020.03.24-2025.03.24	500,000,000.00	3,537,735.84	496,462,264.16
20 Zhengzhou Chengjian PPN001	2020.03.30-2023.03.30	500,000,000.00	4,245,283.00	495,754,717.00
20 bond financial plan first phase	2020.08.31-2023.08.31	230,000,000.00	460,000.00	229,540,000.00
20 bond financial plan second phase	2020.09.16-2023.09.15	270,000,000.00		270,000,000.00
20 bond financial plan third phase	2020.09.18-2023.09.17	230,000,000.00		230,000,000.00
20 bond financial plan fourth phase	2020.09.29-2023.09.29	300,000,000.00		300,000,000.00
Total		**9,292,450,000.00**	**90,388,023.03**	**9,202,061,976.97**

(Continue)

Item	Interest payable at the beginning of the year	Interest adjustment cumulative amortization	Accrued interest this year	Interest paid this year	2020.12.31
17 Zhengzhou Chengjian Bond 01	16,500,000.00		5,500,000.00	22,000,000.00	
17 Zhengzhou Chengjian MTN001	7,575,000.00	3,396,226.41	15,150,000.00	15,150,000.00	299,150,943.39
17 Zhengzhou Chengjian MTN002	9,362,500.00	7,924,528.31	37,450,000.00	37,450,000.00	698,018,867.93
18 Yu Zhengzhou Chengjian ZR001					
19 Chengjian 01 Bond	34,500,000.00	2,830,188.68	46,000,000.00	46,000,000.00	995,754,716.98
19 Chengjian 02 Bond	16,415,000.00	1,415,094.32	23,450,000.00	23,450,000.00	497,877,358.48
19 Zhengzhou Chengjian PPN001	16,800,000.00	7,252,475.57	22,400,000.00	22,400,000.00	503,007,192.56
19 Chengjian 03 Bond	7,420,000.00	1,415,094.33	21,200,000.00	21,200,000.00	497,877,358.49
19 Dollar bond	10,382,911.00	11,450,049.03	98,992,272.47	90,779,218.47	1,944,203,139.33
20 Dollar bond		7,693,641.56	54,129,959.66	30,949,991.33	1,289,592,716.86
20 Zhengjian 01		1,179,245.28	14,451,666.67		497,641,509.44
20 Zhengzhou Chengjian PPN001		1,415,094.34	13,462,500.00		497,169,811.34
20 bond financial plan first phase		-13,340,000.00	3,220,000.00	2,992,683.33	216,200,000.00
20 bond financial plan second phase		-27,000,000.00	4,095,000.00	3,549,000.00	243,000,000.00
20 bond financial plan third phase		-23,000,000.00	3,421,888.89	3,023,222.22	207,000,000.00
20 bond financial plan fourth phase		-60,000,000.00	3,329,166.67		240,000,000.00
Total	**118,955,411.00**	**-77,368,362.17**	**366,252,454.36**	**318,944,115.35**	**8,626,493,614.80**

Note: The above table lists the "issuance amount" as the net amount after deducting the issuance expenses according to the face value of the bond.

The company issued the medium-term notes in the second quarter of 2017, which was issued by Zhengzhou Urban Construction Investment Group Co., Ltd. through the centralized bookkeeping system for the members of the underwriting group, and the centralized placement method was issued in the national inter-bank bond market. The issuance of the medium-term notes is the second-phase medium-term notes of Zhengzhou Urban Construction Investment Group Co., Ltd.

in 2017. The issue amount in the current period is RMB 1 billion, and the term of the medium-term notes is 5 years. The current medium-term notes will be paid once a year, once at maturity, and the last interest will be paid with the redemption of the principal; The payment of interest on the notes of this period shall be handled by the custodian, and the specific matters of interest payment shall be explained in the announcement of interest payment issued by the issuer in the designated media of the relevant competent department in accordance with the relevant provisions of the State.

The company issued a debt financing plan of RMB 500 million in 2018. The name of the debt is the first phase of the 2018 debt financing plan of Zhengzhou Urban Construction Investment Group Co., Ltd. The term is 3 years, the interest rate is 6.98%, the interest is paid on a quarterly basis, and the last interest of the current period is paid with the principal.

In 2019, the company issued a 01, and 02 Bond plan of RMB 1.5 billion with a term of 5 years. "01 Bond" RMB 1 billion, coupon rate 4.60%, interest payments once a year, the maturity date is March 26 2024; "02 Bond" of RMB 500 million, coupon rate of 4.69%, interest payments once a year, the maturity date is April 19, 2024. The company received the payment on March 26 and April 19 2019 respectively.

The company will issue the first installment of directional debt financing instrument of Zhengzhou Urban Construction Group Investment Co., Ltd. in 2019, namely 19 Zhengzhou Chengjian PPN001. The issue term is 3 years, the interest rate is 4.48%, and the interest will be paid once a year.

In 2019, the company plans to issue 03 bonds with a maturity of 500 million yuan, with a maturity of 5 years, a coupon rate of 4.24%, and an annual payment of interest. The maturity date is August 26, 2024.The company received the payment on August 26, 2019.

The company plans to issue US $300 million of us $19 bonds in 2019 with a maturity of 3 years with a coupon rate of 3.80% and an annual payment of interest. The maturity date is November 14, 2022.The company received the payment on November 14, 2019.

The company plans to issue US $200 million of us $20 bonds in 2020 with a maturity of 5 years with a coupon rate of 3.80% and an annual payment of interest. The maturity date is January 16, 2025. The company received the payment on January 16, 2020.

The company plans to issue 20 Urban Construction 01 bonds in 2020 for RMB 500 million, with a maturity of 5 years and a coupon rate of 3.77%. The interest is paid once a year. The maturity date is March 24, 2025. The company received the bond on March 26, 2020.

The company plans to issue 20 Zhengzhou Urban Construction PPN001 bonds in 2020 for RMB 500 million, with a maturity of 3 years and a coupon rate of 3.59%. The interest is paid once a year. The maturity date is March 30, 2023; the company received the bond on March 30, 2020.

The company will issue 20 debt financing plan 1 tranche bonds in 2020 for RMB 230 million, with a maturity of 3 years and a coupon rate of 4.22%. Interest is paid four times a year. The maturity date is March 31, 2023; the company received the bond on August 31, 2020.

The company will issue 20 debt financing plan 2 tranche bonds in 2020 for RMB 270 million, with a maturity of 3 years and a coupon rate of 5.20%. Interest is paid four times a year. The maturity date is September 15, 2023; the company received the bond on September 16, 2020.

The company will issue 20 debt financing plan 3 tranche bonds in 2020 for RMB 230 million, with a maturity of 3 years and a coupon rate of 5.20%. Interest is paid four times a year. The maturity date is September 18, 2023; the company received the bond on September 18, 2020.

The company will issue 20 debt financing plan 4 tranche bonds in 2020 for 230 million yuan, with a maturity of 3 years and a coupon rate of 4.25%. Interest is paid one times a year. The maturity date is September 29, 2023; the company received the bond on September 29, 2020.

(27) Deferred income

Name	2020.12.31	2019.12.31
152PZDZX033 project	168,356.13	1,000,000.00
Zhongyuan District “Xi Shang” rewards	24,515.82	35,426.09
Zhihui Zhengzhou. 1125 gather just plan	96,345.00	330,000.00
Special awards for financial industry development	2,000,000.00	
Total	**2,289,216.95**	**1,365,426.09**

(28) Paid-in capital

Item	2019.12.31	The current period changes (+, -)				2020.12.31
		Capital increase in the current period	Public reserve fund conversion	Other	Subtotal	
Zhengzhou Real Estate Group Co., Ltd.	1,000,000,000.00					1,000,000,000.00
Total	**1,000,000,000.00**					**1,000,000,000.00**

(29) Capital reserves

Item	2019.12.31	Increase in the current period	Decrease in the current period	2020.12.31
Capital premium	15,220,250,516.17			15,220,250,516.17
Other capital reserve				
Total	**15,220,250,516.17**			**15,220,250,516.17**

Note: According to the document of the State-owned Assets Supervision and Administration Commission of the Zhengzhou Municipal People's Government (Zheng Guozi [2010] No. 165), the Zhengzhou Municipal Government allocated a total of RMB 4.027 billion of assets of part of the municipal infrastructure invested and constructed by the municipal government to the company.

According to the "Reply of Zhengzhou Municipal People's Government State-owned Assets Supervision and Administration Commission on Zhengzhou Urban Construction Group Investment Co., Ltd. Increasing Registered Capital" (Zheng Guozi [2010] No. 271). The company transferred RMB 700 million from the municipal infrastructure allocated in 2010 to its registered capital.

According to the document of the State-owned Assets Supervision and Administration Commission of the Zhengzhou Municipal People's Government (Zheng Guozi [2012] No. 282), the Zhengzhou Municipal Government allocated a total of RMB 7.208 billion of assets for part of the municipal infrastructure invested and constructed by the municipal government to the company, of which RMB 6.006 billion is included in the capital reserve, and RMB 1.202 billion was written off against the receivables from the Zhengzhou Municipal Finance Bureau.

According to the document of the Zhengzhou Municipal People's Government (Zheng Zhenghan [2013] No. 349), the Zhengzhou Municipal People's Government assigned part of the road and bridge assets of RMB 5.71 billion and road maintenance rights managed by the City Urban Construction Commission, the City Urban Management Bureau, and the City Water Authority to the company .

According to the document of the State-owned Assets Supervision and Administration Commission of the Zhengzhou Municipal People's Government (Zheng Guozi [2013] No. 203), the Zhengzhou Municipal Government transferred 100% of the state-owned property rights of the Songshan Hotel in Zhengzhou to the company for free, and completed the industrial and commercial change procedures as of February 2014, The company is included in the capital reserve based on its book value of RMB 65,305,123.21.

According to the document of the State-owned Assets Supervision and Administration Commission of the Zhengzhou Municipal People 's Government (Zheng Guozi [2013] No. 204), the Zhengzhou Municipal Government transferred 100% of the state-owned property rights of the Huanghe Hotel in Zhengzhou to the company for free, and the industrial and commercial change procedures have been completed by February 2014 , The company is included in the capital reserve based on its book value of RMB 22,144,583.43.

According to the document of Zhengzhou Finance Bureau (Zhengcai Office [2016] No. 49), Zhengzhou Finance injected capital of RMB 90 million into the company, and the company increased the capital reserve by RMB 90 million according to the document.

(30) Surplus reserves

Item	2019.12.31	Increase in the current period	Decrease in the current period	2020.12.31
Legal surplus reserve	169,076,559.98	1,180,297.36		170,256,857.34
Discretionary surplus reserve				
Total	**169,076,559.98**	**1,180,297.36**		**170,256,857.34**

(31) Undistributed profits

Item	2020.12.31	2019.12.31	Extraction or distribution ratio
Beginning Balance before adjustment	1,659,818,291.53	1,632,291,957.86	
Adjustment	-1,538,795.21	3,525,799.69	
Beginning Balance after adjustment	1,658,279,496.32	1,635,817,757.55	
Add: Net profit in the current period	23,014,742.68	33,764,739.52	
Less: Appropriation to legal surplus reserves	1,180,297.36	1,422,500.75	10%
Appropriation to discretionary surplus reserve			
Appropriation to generic risk reserve			
Dividends payable of ordinary shares	4,537,400.00	9,880,500.00	
Dividends transferred to share capital			
Ending Balance	**1,675,576,541.64**	**1,658,279,496.32**	

(32) Operating income and Cost of sales

(a) Operating income

Item	2020		2019	
	Income	Cost	Income	Cost
Main business income	1,130,550,570.87	730,581,898.22	1,224,751,622.62	726,770,092.19
Other business income	17,687,745.82	3,281,786.90	1,993,884.71	65,087.81
Total	**1,148,238,316.69**	**733,863,685.12**	**1,226,745,507.33**	**726,835,180.00**

(b) Main business (by product)

Name	2019		2018	
	Operating income	Operating cost	Operating income	Operating cost
Management consulting income	31,191,650.14	1,476,199.40	68,540,419.97	219,792.45
PPP income	628,689,320.39	393,403,532.37	628,691,934.84	393,405,947.16
Project settlement and basic construction income	351,775,807.82	242,547,796.75	138,712,694.29	84,419,119.53
Hotel operating income	98,965,805.03	24,122,037.56	147,850,774.36	33,066,647.19
Business service income	1,732,761.29	1,103,975.50	20,414,634.71	15,313,010.77
Technical service income			115,943.40	
Prefabricated component income	18,195,226.20	67,928,356.64	220,425,221.05	200,345,575.09
Total	**1,130,550,570.87**	**730,581,898.22**	**1,224,751,622.62**	**726,770,092.19**

(c) Main business (by region)

Region	2020		2019	
	Operating income	Operating cost	Operating income	Operating cost
Henan Province	1,130,550,570.87	730,581,898.22	1,224,751,622.62	726,770,092.19
Outside Henan Province				
Total	**1,130,550,570.87**	**730,581,898.22**	**1,224,751,622.62**	**726,770,092.19**

(d) Operating income of the top five customers of the company

Name	Operating income	Proportion of the company's total operating income (%)
Zhengzhou Urban and Rural Construction Committee	628,689,320.39	54. 75
China Power Construction Road and Bridge Group Co., Ltd.	20,156,579.65	1. 76
Henan Dongfang Haojiong New Building Materials Co., Ltd.	13,468,882.09	1. 17
China Communications One Public Bureau Seventh Engineering Co., Ltd.	8,314,922.12	0. 72
China Power Construction Eleventh Bureau Engineering Co., Ltd.	7,723,310.90	0. 67
Total	**678,353,015.15**	59. 07

(33) Taxes and surcharges

Item	2020	2019
City maintenance and construction tax payable	1,312,759.91	2,059,871.61
Educational surcharge	778,911.32	1,044,022.99
Local educational surcharge	438,673.86	698,031.39
Stamp tax	788,137.40	681,240.18

Item	2020	2019
Land use tax	3,983,320.80	3,286,096.10
Vehicle and vessel tax	5,220.00	6,960.00
House tax	1,357,741.40	1,813,246.54
Environmental protection tax	165,130.33	5,222.98
Total	**8,829,895.02**	**9,594,691.79**

(34) Selling expenses

Item	2020	2019
Selling expense	**51,162,901.50**	**79,330,833.52**

(35) Administration expenses

Item	2020	2019
Administration expenses	**89,336,694.77**	**100,036,824.21**

(36) Financial expenses

Item	2020	2019
Interest expense	286,321,010.68	322,557,966.87
Less: Interest income	34,002,717.98	22,251,258.84
Exchange losses		
Less: Exchange income		
Bank charges	12,533,447.52	6,701,840.68
Total	**264,851,740.22**	**307,008,548.71**

(37) Other income

Item	2020	2019
Input tax shall be calculated and deducted	133,935.83	214,012.16
VAT plus deduction refund	152,124.73	259,285.61
Personal tax commission refund		5,077.52
Subsidiary fund	6,773,200.00	
Total	**7,059,260.56**	**478,375.29**

(38) Investment income

Item	2020	2019
Long-term equity investment measured at equity method	23,105,489.52	34,964,316.41
Investment income of disposal of a long-term equity		
The investment income of a financial asset that is measured at fair value and whose change is included in		

Item	2020	2019
the profit and loss of the current period during the holding period		
The investment income obtained from the disposal of financial assets measured at fair value and whose changes are included in the profits and losses of the current period		
The return on investment held to maturity financial assets		
The return on investment available-for-sale financial assets	1,071,148.00	1,506,586.00
The investment income of disposal available-for-sale financial assets		
After the loss of control, the remaining equity is remeasured at fair value.		
Others		250,000.00
Total	**24,176,637.52**	**36,720,902.41**

(39) Gains and losses from changes in fair value

Item	2020	2019
Changes in the fair value of investment real estate	-64,145.92	-2,134,662.00
Total	**-64,145.92**	**-2,134,662.00**

(40) Impairment loss

Item	2020	2019
Provisions for bad debts	935,099.47	-4,893,243.06
Inventory falling price reserves		
Total	**935,099.47**	**-4,893,243.06**

(41) Asset disposal income

Item	2020	2019
Total non-current asset disposal gains	16,480.17	380.58
Including：Profit from the disposal of fixed assets	16,480.17	380.58
Gains from disposal of intangible assets		
Others		
Total	**16,480.17**	**380.58**

(42) Non-operating income

(a) Listing of non-operating income

Item	2020	2019
Subtotal of disposal of non-current assets	306,306.68	976.42
Including: Disposal of fixed assets	306,306.68	976.42

Item	2020	2019
Disposal of intangible assets		
Debt restructuring profit		
Non-monetary assets exchange		
Donation profit		
Government Grants	2,321,254.14	3,560,873.79
Penalty profit		
Others	2,868,347.45	837,257.31
Total	**5,495,908.27**	**4,399,107.52**

(43) Non-operating expenses

Item	2020	2019
Subtotal of Losses due to disposal of non-current assets	701,695.18	14,726.78
Including: Losses of disposal of fixed assets	701,695.18	14,726.78
Losses of disposal of intangible assets		
Debt restructuring losses		
Non-monetary assets exchange losses		
External donation	42,080.75	13,253.29
Inventory loss		
Fines and compensation	830,036.36	403.54
Others	91,149.70	415,821.91
Total	**1,664,961.99**	**444,205.52**

(44) Income tax expenses

Item	2020	2019
Current income tax	29,551,279.07	18,833,369.25
Deferred income tax	-27,629,473.29	-22,829,995.85
Total	**1,921,805.78**	**-3,996,626.60**

(45) Notes of statement of cash flow

(a) Cash received relating to other operating activities

Item	2020	2019
Interest income	34,002,717.98	22,251,258.84
Subsidies received	8,903,523.87	2,368,375.29
Margin received	44,556,182.74	
Current payment	377,357,101.30	310,768,005.81
Total	**464,819,525.89**	**335,387,639.94**

(b) Cash paid relating to other operating activities

Item	2020	2019
Repayment of deposits, etc.	4,132,412.46	2,492,067.00
Administrative fees, etc.	97,231,049.20	53,095,886.82
Current payments	198,910,123.19	165,690,058.93
Total	**300,273,584.85**	**221,278,012.75**

(c) Cash received relating to other investing activities

Item	2020	2019
Others		**250,000.00**

(d) Cash paid relating to other financing activities

Items	2020	2019
Financing lease and others	**110,489,138.53**	**60,461,286.43**

(46) Supplementary information of statement of cash flow

(a) According to the indirect method, the net profit is adjusted to the information of operating cash flow

Supplementary information	2020	2019
1. Adjust the net profit to operating cash flow:		
Net profit	34,225,872.36	43,946,528.39
Add: provisions for assets impairment	-935,099.47	4,893,243.06
Depreciation of fixed assets	7,133,693.77	11,432,209.83
Amortization of intangible assets	394,097,624.25	393,419,258.56
Amortization of long-term prepaid expenses	11,734,192.03	66,198,451.28
Losses on disposal of fixed assets, intangible assets, and other long-term assets	-16,480.17	-380.58
Scrap loss of fixed assets	395,388.50	13,750.36
Losses of changes on fair value	64,145.92	2,134,662.00
Financial expenses	286,321,010.68	322,557,966.87
Investment losses	-24,176,637.52	-36,720,902.41
Decrease on deferred tax asset	-27,613,436.81	-22,296,330.35
Increase on deferred tax liability	-16,036.48	-533,665.50
Decrease on inventories	-1,194,121,921.66	-1,407,517,859.12
Decrease on operational receivables	383,119,365.18	-625,790,770.29
Increase on operational payables	171,447,337.23	151,971,276.88
Others		

Supplementary information	2020	2019
Net cash flows from operating activities	41,659,017.81	-1,096,292,561.02
2. Significant investment and financing activities without cash		
Debt to capital		
Convertible Company bonds maturing within one year		
Financing leased fixed assets		
3.Net changes of cash and cash equivalents		
Cash at ending balance	5,496,270,998.26	5,897,093,155.65
Less: Cash at beginning balance	5,897,093,155.65	4,044,702,214.47
Add: cash equivalents at ending balance		
Less: cash equivalents at beginning balance		
Net increase in cash and cash equivalents	-400,822,157.39	1,852,390,941.18

(b) Cash and cash equivalents

Items	2020	2019
1.Cash	5,496,270,998.26	5,897,093,155.65
Including: cash on hand	90,042.55	104,639.54
Bank deposits available for payment at any time.	5,496,180,955.71	5,896,988,516.11
Other monetary funds available for payment at any time.		
Deposit central bank funds available for payment		
Due from bank		
Loan trade		
2. Cash equivalents		
Including: Bonds maturing within three months		
3. Beginning Balance of cash and cash equivalents	5,496,270,998.26	5,897,093,155.65
Including: Restricted Cash and cash equivalents of the parent company or subsidiary of the group		

(47) Assets that are limited in ownership or use rights

Item	2020.12.31	Reason
House and building	7,399,815.68	Mortgage loan
Other monetary fund	56,000,000.00	Margin
Total	**63,399,815.68**	

6 RIGHTS IN OTHER ENTITIES

Interests in subsidiaries

Name	Main place	Registration	Business nature	Proportion（%）	Way of

	of business			Direct	Indirect	acquisition
Henan Urban Construction Construction Engineering Co., Ltd.	Zhengzhou City	Zhengzhou City	Foundation construction, earth and stone engineering construction, pile foundation engineering construction, precipitation slope protection construction.	100		Newly established
Henan Urban Construction Chengzhu Industrial Co., Ltd.	Zhengzhou City	Zhengzhou City	Municipal public works, construction labor subcontracting, landscaping projects (the above scope is operated by valid qualification certificate), parking lot management, house leasing, property management, signage production and installation, design, production, agency, and release of domestic advertising business, land consolidation, real estate brokerage, Wholesale and retail: building materials, waterproof materials, thermal insulation materials, steel, metal materials, stainless steel products, cement products, wire and cable, valves, fire equipment, mechanical and electrical products, charging piles, complete elevator equipment, three-dimensional garage, machinery and equipment, building intelligence, system equipment, kitchen utensils, environmental protection equipment, rubber and	100		Newly established

Name	Main place of business	Registration	Business nature	Proportion（%）		Way of acquisition
				Direct	Indirect	
			plastic products, lighting appliances, instrumentation, decorative materials, other chemical products (except hazardous chemicals), business management consulting.			
Zhengzhou Urban Construction Green Building Materials Co., Ltd.	Zhengzhou City	Zhengzhou City	Production, sales and installation of precast concrete components; Production and marketing of commercial concrete; Steel structure production, sales and installation.		100	Newly established
Zhengzhou Urban Construction Enterprise Management Consulting Co., Ltd.	Zhengzhou City	Zhengzhou City	Enterprise management consulting, enterprise management information consulting, enterprise marketing planning, exhibition planning, conference planning, etiquette planning, conference and exhibition planning, design, production, agency, release of domestic advertising, financial information consulting, economic information consulting; computer graphic design.	100		Newly established
Zhengzhou Chengjian Real Estate Co., Ltd.	Zhengzhou City	Zhengzhou City	Real estate development and sales; housing lease.	100		Newly established
Zhengzhou Huanghe Hotel	Zhengzhou City	Zhengzhou City	Accommodation; catering services; hotel management; beauty salon; production: cakes, baked goods, moon cakes; cigarette retailing; operate with the scope and term	100		Transfer

Name	Main place of business	Registration	Business nature	Proportion（%）		Way of acquisition
				Direct	Indirect	
			approved by the valid license. daily provisions, clothing, handicrafts (excluding cultural relics) sales; parking service.			
Zhengzhou Songshan Hotel	Zhengzhou City	Zhengzhou City	Accommodation, catering, production and processing of cakes: baked goods, moon cakes; retail: cigarettes, cigars. operate with the scope and term approved by the valid license. photo photography, beauty salon, retail: department stores, clothing, stationery, conference services; parking management.	100		Transfer
Zhengzhou Dingrun Urban Construction Co., Ltd.	Zhengzhou City	Zhengzhou City	Comprehensive development of regional land; real estate development; shantytowns, resettlement houses and housing construction; urban infrastructure construction; agricultural land resource integration; landscaping construction.	80		Newly established
Henan Chengjian Civil Engineering Research Center Co., Ltd.	Zhengzhou City	Zhengzhou City	Industrial technology development, technology consultation and technology transfer for civil structure construction; exhibition planning of architectural industrialization; planning, construction and operation of the modern construction industrial park; pilot test, sales and	100		Newly established

Name	Main place of business	Registration	Business nature	Proportion（%）		Way of acquisition
				Direct	Indirect	
			installation of civil structural precast parts (operating with valid capital certificate);production, sales and installation of precast concrete components; commercial concrete sales.			
Henan Chengjian Prefab Co., Ltd.	Zhengzhou City	Zhengzhou City	Production of precast concrete components; sale and installation of precast concrete components; sale of commercial concrete.		60	Newly established
Zhengzhou Chengfa Qianrun Industrial Co., Ltd.	Zhengzhou City	Zhengzhou City	Industrial technology research and development, consultation and transfer of civil structure construction; project construction and management; construction and operation of engineering PPP projects; general contracting for municipal engineering construction; general construction; general contracting for building construction projects; pile foundation construction; hotel management; property management; business management consulting.		100	Newly established
Zhengzhou Chengjian Development Co., Ltd.	Zhengzhou City	Zhengzhou City	Investment in municipal infrastructure and public facilities with its own funds (no borrowing, saving, raising of funds, lending and financing of funds);general contracting of municipal engineering; maintenance works of	100		Newly established

Name	Main place of business	Registration	Business nature	Proportion (%)		Way of acquisition
				Direct	Indirect	
			municipal roads and bridges; landscaping works; construction and operation of engineering PPP projects; technical consultation on construction industrialization and exhibition planning; planning and construction of construction industrial park; production, sales and installation of precast concrete components; sales of building materials; land consolidation.			
Zhengzhou Chengfa Hengshun Real Estate Co., Ltd.	Zhengzhou City	Zhengzhou City	Real estate development and management; land consolidation; property management services.		100	Newly established
Zhengzhou Chengfa Huantong Industrial Co., Ltd.	Zhengzhou City	Zhengzhou City	Construction and operation of engineering PPP projects; Municipal works; maintenance works of municipal roads and bridges; Land consolidation; parking services; development of new energy technologies; construction, operation and maintenance of new energy vehicle charging facilities.		100	Newly established
Henan Urban Construction Zhonghe Jianfang Construction Co., Ltd.	Zhengzhou City	Zhengzhou City	Construction of municipal engineering; real estate development and management; real estate sales and leasing; comprehensive development of regional land; urban infrastructure	60		Newly established

Name	Main place of business	Registration	Business nature	Proportion（%）		Way of acquisition
				Direct	Indirect	
			construction; construction of landscaping works; property management; maintenance of municipal roads and bridges; wholesale and retail of building materials; land consolidation.			
Henan Urban Construction Ecological Environment Management Co., Ltd.	Zhengzhou City	Zhengzhou City	Ecological environment management; engineering management; environmental protection projects; highway engineering; building works; municipal public works; pipeline works; landscaping works.	55		Newly established

7 RELATED PARTIES AND RELATED TRANSCTIONS

(1)The information of parent company

Name	Address	Business nature	Registered capital	Shareholding ratio of the company (%)	Proportion of voting rights to the company (%)
Zhengzhou Real Estate Group Co., Ltd.	No. 23, Tongbai South Road, Zhongyuan District, Zhengzhou City, Henan Province	Industrial investment; first-class land development; old city transformation; infrastructure construction and management; urban asset operation management; real estate development and operation.	RMB 2 billion	100.00	100.00

The ultimate actual controller of the company is Zhengzhou State-owned Assets Supervision and Administration Commission. For details, please refer to Note one (4).

(2) Information of subsidiaries

For details of the subsidiaries of the company, please refer to Note six (1).

(3) Other related parties

Name	Relationship between other related parties and the company
None	

(4) Related party transactions and related party balances

(a) Related transactions for the purchase and sale of goods, provision and acceptance of services

Purchase of goods / acceptance of labor

Related party	Related transaction content	2020	2019
None			

(b) Sale of goods / provision of labor services

Related party	Related transaction content	2020	2019
None			

(c) Related guarantees

The related guarantees, the Company as the guarantees: (1) The RMB 399.9 million of the guaranteed loans at the end of the period was obtained by the company's subsidiary Dingrun Construction from Zhongyuan Bank (RMB 1 billion), and the company provided guarantees. For details, please refer to Note 5 (24) and Note 5 (25);

The related party guarantees that the company acts as the guaranteed party:

Guarantor	Guaranteed balance	Guarantee start date	Guarantee due date	Whether the guarantee has been fulfilled
Zhengzhou Real Estate Group Co., Ltd.	800,000,000.00	2019.2.28	2022.2.28	No
Zhengzhou Real Estate Group Co., Ltd.	500,000,000.00	2020.3.20	2030.3.20	No
Zhengzhou Real Estate Group Co., Ltd.	500,000,000.00	2020.4.15	2030.4.15	No
Total	**1,800,000,000.00**			

(5) Related party accounts receivable and payable

Name	Related party	2020.12.31		2019.12.31	
		Book balance	Bad debt	Book balance	Bad debt
Other receivables	State-owned Assets Supervision and Administrator Commission of Zhengzhou Municipal People's Government	200,000,000.00	4,000,000.00	200,000,000.00	4,000,000.00
Subtotal		**200,000,000.00**	**4,000,000.00**	**200,000,000.00**	**4,000,000.00**

Subsidiaries that have a control relationship and have been included in the scope of the company's consolidated financial statements have been offset from each other's transactions and transactions between the parent and subsidiary companies.

8 COMMITMENT AND CONTINGENT

(1) Important commitments

None

(2) Contingencies

The important contingent events on the balance sheet date, the contingent liabilities formed by the company providing debt guarantees to other units and their financial impact:

(a) Providing guarantees for related parties

Guarantee	Guarantor	Amount (100 million)	Main debt start date	Main debt due date	Financial impact on the company
Related party:					
Zhengzhou Dingrun Urban Construction Co., Ltd.	The company	3.999	2016.03.17	2021.03.16	No
Total		3.999			

(b) Provide guarantees for non-related parties.

None

(c) Mortgage as of December 31, 2020:

The company's subsidiary, Zhengzhou Huanghe Hotel, used the buildings and buildings as collateral to obtain long-term loans. During the period, RMB 4,660,000.00 has been returned, and the balance of the loan is RMB 11,970,000.00.

9 MATTERS AFTER THE BALANCE SHEET DATE

None

10 OTHER IMPORTANT MATTERS

None

11 NOTES ON THE MAIN ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY

(1) Accounts receivable

(a) Disclosure of accounts receivable

Types	2020.12.31				
	Carrying amount		Provision for bad debts		Book value
	Amounts	Proportion (%)	Amounts	Proportion (%)	
Accounts receivable with significant single amount and single provision for bad debts					
Accounts receivable for bad debt provision according to credit risk characteristics combination	154,570,790.83	100.00	3,091,415.82	2.00	151,479,375.01

Types	2020.12.31				
	Carrying amount		Provision for bad debts		Book value
	Amounts	Proportion (%)	Amounts	Proportion (%)	
Accounts receivable with insignificant single amount but with separate provision for bad debts					
Total	**154,570,790.83**	**100.00**	**3,091,415.82**	**2.00**	**151,479,375.01**

(Continue)

Types	2019.12.31				
	Carrying amount		Provision for bad debts		Book value
	Amounts	Proportion (%)	Amounts	Proportion (%)	
Accounts receivable with significant single amount and single provision for bad debts					
Accounts receivable for bad debt provision according to credit risk characteristics combination	113,538,016.86	100.00	2,270,760.34	2.00	111,267,256.52
Accounts receivable with insignificant single amount but with separate provision for bad debts					
Total	**113,538,016.86**	**100.00**	**2,270,760.34**	**2.00**	**111,267,256.52**

At the end of the period, there is no accounts receivable with significant single amount and provision for bad debts;

In the portfolio, the accounts receivable for bad debts are accrued according to the percentage of balance method.

Aging	2020.12.31			2019.12.31		
	Carrying amount		Provisions	Carrying amount		Provisions
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year (Including 1 year)	41,032,773.97	26.55	820,655.48	69,538,016.86	61.25	1,390,760.34
1 to 2 years (Including 2 year)	69,538,016.86	44.99	1,390,760.34	44,000,000.00	38.75	880,000.00
2 to 3 years (Including 3 year)	44,000,000.00	28.46	880,000.00			
3 to 4 years (Including 4 year)						
4 to 5 years (Including 5 year)						
More than 5 years						
Total	**154,570,790.83**	**100.00**	**3,091,415.82**	**113,538,016.86**	**100.00**	**2,270,760.34**

(b) At the end of the period, there is no accounts receivable that are not individually significant but are individually provisioned for bad debts;

(c) Provision for bad debts withdrawn, recovered or reversed in the current period:
Provision for bad debts of RMB 820,655.48 in this period;

(d) There is no actual write-off of accounts receivable in the current period;

(e) Accounts receivable of major customers classified in the current period by the arrears:

Name	Amount	Proportion of the total balance of accounts receivable at the end of the period (%)	Bad debts
China power construction 11 bureau engineering co. LTD	74,827,695.99	48.41	1,496,553.92
China Power Construction Road and Bridge Group Co., Ltd.	65,043,004.84	42.08	1,300,860.10
Henan Chengtou Construction Engineering Co., Ltd.	4,800,000.00	3.11	96,000.00
Zhengzhou Dingrun Urban Construction Co., Ltd.	4,000,000.00	2.59	80,000.00
Zhengzhou Chengfa Huantong Industrial Co., Ltd.	5,900,090.00	3.81	118,001.80
Total	**154,570,790.83**	**100.00**	**3,091,415.82**

(f) At the end of the period, there is no accounts receivable that is terminated due to the transfer of financial assets;

(g) At the end of the period, there is no transfer of accounts receivable and the amount of assets and liabilities that continue to be involved.

(2) Other receivables

(a) List of other receivables

Item	2020.12.31	2019.12.31
Interest receivables	553,043,988.77	391,282,322.09
Dividend receivables	191,370,000.00	174,370,000.00
Other receivables	5,326,040,653.21	5,266,204,981.62
Total	**6,070,454,641.98**	**5,831,857,303.71**

(b) Interest receivables are listed

Company	2019.12.31	Increased in current period	Decreased in current period	2020.12.31	Whether the relevant amount is impaired
Zhengzhou Chengjian Development Co., Ltd.	34,125,000.00			34,125,000.00	No
Zhengzhou Chengfa Huantong Industrial Co., Ltd.	62,605,000.00			62,605,000.00	No
Henan Chengtou Zhonghe	250,927,291.67	145,192,222.23		396,119,513.90	No

Company	2019.12.31	Increased in current period	Decreased in current period	2020.12.31	Whether the relevant amount is impaired
Jianfang Construction Co., Ltd.					
Henan Chengtou Construction Engineering Co., Ltd.	12,276,766.65	4,431,666.67		16,708,433.32	No
Henan Chengjian Civil Engineering Research Center Co., Ltd.	22,117,022.22	12,000,000.00		34,117,022.22	No
Henan Chengtou Chengzhu Industrial Co., Ltd.	4,138,900.00			4,138,900.00	No
Zhengzhou Urban Construction Green Building Materials Co., Ltd.	2,136,111.11			2,136,111.11	No
Zhengzhou Chengtou Enterprise Management Consulting Co., Ltd.	2,296,200.00			2,296,200.00	No
Zhengzhou Chengfa Qianrun Industrial Co., Ltd.	477,808.22	320,000.00		797,808.22	No
Zhengzhou Huanghe hotel	182,222.22	-182,222.22			No
Total	**391,282,322.09**	**161,761,666.68**		**553,043,988.77**	

(c) Dividend receivables are listed

Company	2019.12.31	Increased in current period	Decreased in current period	2020.12.31	Whether the relevant amount is impaired
Henan Chengtou Construction Engineering Co., Ltd.	111,000,000.00			111,000,000.00	No
Henan Chengtou Chengzhu Industrial Co., Ltd.	3,600,000.00			3,600,000.00	No
Zhengzhou Chengtou Enterprise Management Consulting Co., Ltd.	20,000,000.00			20,000,000.00	No
Henan Chengjian Civil Engineering Research Center Co., Ltd. Headquarters	5,600,000.00			5,600,000.00	No
Zhengzhou Chengjian Development Co., Ltd.	34,170,000.00	17,000,000.00		51,170,000.00	No
Total	**174,370,000.00**	**17,000,000.00**		**191,370,000.00**	

(d) Disclosure of other receivables

Types	2020.12.31				
	Carrying amount		Provision for bad debts		Book value
	Amounts	Proportion (%)	Amounts	Proportion (%)	

Types	2020.12.31				
	Carrying amount		Provision for bad debts		Book value
	Amounts	Proportion (%)	Amounts	Proportion (%)	
Other receivables with significant single amount and single provision for bad debts					
Other receivables for bad debt provision according to credit risk characteristics combination	5,434,735,360.42	100.00	108,694,707.21	2.00	5,326,040,653.21
Other receivables with insignificant single amount but with separate provision for bad debts					
Total	**5,434,735,360.42**	**100.00**	**108,694,707.21**	**2.00**	**5,326,040,653.21**

(Continue)

Types	2019.12.31				
	Carrying amount		Provision for bad debts		Book value
	Amounts	Proportion (%)	Amounts	Proportion (%)	
Other receivables with significant single amount and single provision for bad debts					
Other receivables for bad debt provision according to credit risk characteristics combination	5,373,678,552.67	100.00	107,473,571.05	2.00	5,266,204,981.62
Other receivables with insignificant single amount but with separate provision for bad debts					
Total	**5,373,678,552.67**	**100.00**	**107,473,571.05**	**2.00**	**5,266,204,981.62**

(a)Other receivables with significant single amount and single provision for bad debts at the end of the period: None

(b)In the portfolio, other receivables for bad debt provision are accrued according to the percentage of balance method:

Aging	2020.12.31			2019.12.31		
	Carrying amount		Provisions	Carrying amount		Provisions
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year (Including 1 year)	184,095,977.19	3.39	3,681,919.54	803,625,744.20	14.95	16,072,514.88
1 to 2 years (Including 2 year)	701,923,114.73	12.92	14,038,462.29	1,521,447,549.38	28.31	30,428,950.99
2 to 3 years (Including 3 year)	1,510,645,095.00	27.80	30,212,901.90	1,044,947,200.89	19.45	20,898,944.02
3 to 4 years (Including 4 year)	1,043,822,200.89	19.20	20,876,444.02	415,064,667.84	7.73	8,301,293.35
4 to 5 years (Including 5 year)	409,940,410.84	7.54	8,198,808.22	730,522,601.77	13.59	14,610,452.04
More than 5 years	1,584,308,561.77	29.15	31,686,171.24	858,070,788.59	15.97	17,161,415.77
Total	**5,434,735,360.42**	**100.00**	**108,694,707.21**	**5,373,678,552.67**	**100.00**	**107,473,571.05**

(c) At the end of the period, there are no other receivables whose single amount is not significant but the provision for bad debts is single.

(d) Provision for bad debts withdrawn, recovered or reversed in the current period:
In the current period, the provision for bad debts was RMB 1,221,136.16; in the current period, the amount of bad debts was RMB 0.00.

(e) There are no other receivables actually written off during the period.

(f) Other receivables are classified by nature of the payment

Nature	2020.12.31	2019.12.31
Security deposit etc.		
Current payment	5,434,735,360.42	5,373,678,552.67
Total	**5,434,735,360.42**	**5,373,678,552.67**

(g) Other receivable in the top five of the closing balance of the arrears:

Name	Nature	Amount	Aging	Proportion of the total balance of other receivables at the end of the period (%)	Bad debt
Zhengzhou Finance Bureau	Current payment	1,691,167,236.32	More than 3 years	31.12	33,823,344.73
Henan Chengtou Zhonghe Jianfang Construction Co., Ltd.	Current payment	1,430,000,000.00	1-3 years	26.31	28,600,000.00
Zhengzhou Chengjian Development Co., Ltd.	Current payment	1,127,500,000.00	2-4 years	20.75	22,550,000.00
Zhengzhou Municipal Engineering Construction Center	Current payment	362,297,621.83	Within 1 years; 3-5 years	6.67	7,245,952.44
Henan Chengjian Civil Engineering Research Center Co., Ltd.	Current payment	280,400,000.00	1-2 years	5.15	5,608,000.00
Total		**4,891,364,858.15**		**90.00**	**97,827,297.17**

(3) Long-term equity investments

Items	2020.12.31		
	Book balance	Impairment provision	Book value
Investment in subsidiaries	791,949,706.64		791,949,706.64
Investment in joint ventures and cooperative enterprise	360,660,510.54		360,660,510.54
Total	**1,152,610,217.18**		**1,152,610,217.18**

(Continue)

Items	2019.12.31		
	Book balance	Impairment provision	Book value

Items	2019.12.31		
	Book balance	Impairment provision	Book value
Investment in subsidiaries	791,949,706.64		791,949,706.64
Investment in joint ventures and cooperative enterprise	337,057,896.02		337,057,896.02
Total	**1,129,007,602.66**		**1,129,007,602.66**

(a) Investment in subsidiaries

Investee	2019.12.31	Increase in the current period	Decrease in the current period	2020.12.31	Provision for impairment	Impairment reserve ending balance
Henan Chengtou Construction Engineering Co., Ltd.	15,600,000.00			15,600,000.00		
Zhengzhou Chengtou Enterprise Management Consulting Co., Ltd.	500,000.00			500,000.00		
Henan Chengtou Chengzhu Industrial Co., Ltd.	10,100,000.00			10,100,000.00		
Zhengzhou Chengjian Real Estate Co., Ltd.	80,000,000.00			80,000,000.00		
Zhengzhou Huanghe Hotel	22,144,583.43			22,144,583.43		
Zhengzhou Songshan Hotel	65,305,123.21			65,305,123.21		
Zhengzhou Dingrun Urban Construction Co., Ltd.	80,000,000.00			80,000,000.00		
Henan Chengjian Civil Engineering Research Center Co., Ltd.	85,800,000.00			85,800,000.00		
Zhengzhou Chengjian Development Co., Ltd.	8,000,000.00			8,000,000.00		
Henan Chengtou Zhonghe Jianfang Construction Co., Ltd.	12,000,000.00			12,000,000.00		
Henan Chengtou Ecological Environment Management Co., Ltd.	412,500,000.00			412,500,000.00		
Total	**791,949,706.64**			**791,949,706.64**		

(b) Investment in joint ventures

Investee	2019.12.31	Changes in the current period			
		Additional investment	Reduce investment	Investment gains and losses recognized under the equity method	Other comprehensive income adjustment

Investee	2019.12.31	Changes in the current period			
		Additional investment	Reduce investment	Investment gains and losses recognized under the equity method	Other comprehensive income adjustment
China Power Construction (Zhengzhou) Urban Construction Investment Management Co., Ltd.	337,057,896.02			22,829,839.53	
Zhengzhou Chengjian Jucheng Theater Management Co., Ltd.		500,000.00		272,774.99	
Total	**337,057,896.02**	**500,000.00**		**23,102,614.52**	

(Continue)

Investee	Changes in the current period				2020.12.31	Impairment reserve ending balance
	Other changes in equity	Declare cash dividends or profits	Provision for impairment	Other		
China Power Construction (Zhengzhou) Urban Construction Investment Management Co., Ltd.					359,887,735.55	
Zhengzhou Chengjian Jucheng Theater Management Co., Ltd.					772,774.99	
Total					**360,660,510.54**	

(4) Revenue and cost of sales

(a) Operating income

Item	2020		2019	
	Income	Cost	Income	Cost
Main business income	37,974,315.07		65,601,722.69	
Other business income	7,406,676.71	3,108,834.15	1,018,825.25	381,912.46
Total	**45,380,991.78**	**3,108,834.15**	**66,620,547.94**	**381,912.46**

(b) Main business (by product)

Name	2020		2019	
	Operating income	Operating cost	Operating income	Operating cost
Management consulting income	37,974,315.07		65,601,722.69	
Total	**37,974,315.07**		**65,601,722.69**	

(c) Main business (by region)

Region	2020		2019	
	Operating income	Operating cost	Operating income	Operating cost
Henan Province	37,974,315.07		65,601,722.69	
Outside Henan Province				
Total	**37,974,315.07**		**65,601,722.69**	

(5) Investment income

(a) Details of investment income

Supplementary information	2020	2019
Long-term equity investment income calculated by cost method	17,000,000.00	
Long-term equity investment income calculated by equity method	23,102,614.52	35,002,771.18
Disposal of investment income from long-term equity investments		
Investment income of financial assets measured at fair value through profit or loss during the holding period		
Investment income from financial assets measured at fair value through profit or loss		
Investment income from held-to-maturity investments during the holding period		
Investment income of available-for-sale financial assets during the holding period		
Investment income from disposal of available-for-sale financial assets		
After losing control, the remaining equity is re-measured at fair value		
Other		250,000.00
Total	**40,102,614.52**	**35,252,771.18**

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<u>The report was translate from Chinese to English. If the two files differ, the standard will be the Chinese one.</u>

Name of the company: Zhengzhou Urban Construction Investment Group Co., Ltd.

Legal representative:	Principal in charge of accounting:	Head of accounting department:
Date: April 26, 2021	Date: April 26, 2021	Date: April 26, 2021

统一社会信用代码

911100000785632412

营业执照

（副 本）(6-2)

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名称 亚太（集团）会计师事务所（特殊普通合伙）

类型 特殊普通合伙企业

执行事务合伙人 赵庆军

经营范围 审查企业会计报表、出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关报告；基本建设年度财务决算审计；代理记账；会计咨询、税务咨询、管理咨询、会计培训；法律、法规规定的其他业务。（市场主体依法自主选择经营项目，开展经营活动；依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动；不得从事国家和本市产业政策禁止和限制类项目的经营活动。）

成立日期 2013年09月02日

合伙期限 2013年09月02日 至 长期

主要经营场所 北京市丰台区丽泽路16号院3号楼20层2001

登记机关

北京市丰台区市场监督管理局 1101060044520

2020年12月18日

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市场主体应当于每年1月1日至6月30日通过国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制

会计师事务所

执业证书

名　　称：亚太（集团）会计师事务所（特殊普通合伙）

首席合伙人：赵庆军

主任会计师：

经营场所：北京市丰台区丽泽路16号院3号楼20层2001

组织形式：特殊普通合伙

执业证书编号：11010075

批准执业文号：京财会许可[2013]0052号

批准执业日期：2013年08月09日

证书序号 0014468

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1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。

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发证机关：北京市财政局

二〇二〇年十一月十二日

中华人民共和国财政部制

THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

河南省注册会计师协会

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Sex
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Working unit
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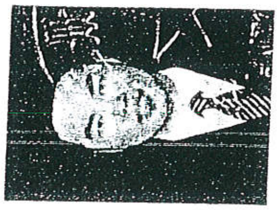
Identity card No



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CPA

2020年3月30日

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性别 Sex 女

出生日期 Date of birth 1989-03-22

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身份证号码 Identity card No. 410108198903220047

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2020年3月30日

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年 月 日

ISSUER

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